Condensed Consolidated Interim Financial Statements

First Half Year 2022

ageas

Contents

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Developments and Results

All amounts in the tables of these Condensed Consolidated Interim Financial Statements are denominated in millions of euros, unless stated otherwise.

Key financials and developments

	First half year 2022	First half year 2021
Net result Ageas	**563**	**407**
By segment:		
- Belgium	245	191
- Europe	95	97
- Asia	161	203
- Reinsurance	20	30
- General Account & Elimination	42	(115)
of which RPN(I)	107	(57)
Net result Ageas excl. RPN(I)	**456**	**463**
By type:		
- Life	341	340
- Non-Life	180	181
Weighted average number of ordinary shares (in million)	185	187
Earnings per share excl. RPN(I) (in EUR)	**2.47**	**2.48**
Gross inflows Ageas's part (incl. non-consolidates entities)	**8,965**	**8,545**
By segment:		
- Belgium	2,521	2,409
- Europe	1,766	1,820
- Asia	4,678	4,316
By type:		
- Life	6,267	6,020
- Non-Life	2,698	2,525
Combined ratio	**94.9%**	**93.0%**
Operating margin Guaranteed (bps)	**95**	**86**
Operating margin Unit-Linked (bps)	**39**	**35**

	30 June 2022	31 December 2021
Shareholders' equity	**9,021**	**11,914**
Net equity per share (in EUR)	**49.11**	**64.14**
Net equity per share (in EUR) excluding unrealised gains & losses	**45.61**	**43.43**
Return on Equity - Ageas Group (excluding unrealised gains)	**13.7%**	**10.9%**
Group solvency II ageas (not reviewed)	**221%**	**197%**
Life Technical Liabilities (consolidated entities)	**73,028**	**78,192**

Outstanding business performance

Overall Ageas delivered an exceptionally strong second quarter 2022. As such, the Group continued the solid commercial start to the year with inflows increasing both in Life and Non-Life and across all regions. The consolidated entities delivered a strong operating performance with improving Life margins and a Non-Life combined ratio only slightly deteriorating in spite of the impact of the February storms in Belgium and the UK. The conflict on the borders of Europe had no direct influence on our operations and the effect on the net result is limited to the impact it has on the economy in general. The non-controlled partnerships also performed very well. Their second quarter net result was less impacted by the evolution of the financial markets. With this first half year performance, Ageas is confident that it remains on track to reach EUR 1 billion result (excluding the impact from RPN(i)) for the full year 2022. The Operational Free Capital Generation, including both the Solvency II and the non-Solvency II scope, amounted to a strong EUR 569 million. This underpins the Group's commitment for a dividend per share growth trajectory of 6-10% over the running strategic period.

The first half-year Group inflows including the non-consolidated entities (at Ageas's part) were 5% up compared to last year amounting to EUR 9 billion. Growth in Life inflows was driven by new business sales in China, specifically in the second quarter, and both Guaranteed and Unit-Linked products in Belgium. Non-Life inflows increased in the mature markets of Belgium and Portugal as well as in the Asian partnerships, driven by portfolio growth and tariff increases in response to increased inflation.

The **Non-Life combined ratio** for the consolidated entities stood at 94.9% with a strong performance across all products. The February storms, affecting the profitability in Household in particular, had a negative impact of 5pp.

The **Guaranteed operating margin** of the consolidated entities increased to 95 bps, driven by higher net capital gains and improved investment income in Belgium.

The Group **Unit-Linked operating margin** stood at 39 bps driven by improved expense margins in Belgium.

The non-consolidated partnerships delivered a very strong underlying year-to-date performance. Their contribution to the **Group net result** suffered from turmoil in the equity markets and prolonged low interest rate in China. As from 30 June 2022 IAS29 on hyperinflation accounting became applicable in both our Turkish entities, negatively impacting the IFRS net result by EUR 16 million. The Group net result excluding RPN(i) of EUR 456 million also included EUR 75 million negative impact from the storms in Belgium and the UK and the EUR 45 million capital gain on the sale of the Commercial lines front book business in the UK.

Based on this first half year performance, and under the reserve of the impact of extreme negative developments in the financial markets, Ageas feels confident in confirming the outlook of EUR 1 billion for the full year 2022 result - excluding the impact from RPN(i).

Ageas's **investment portfolio** as at 30 June 2022 amounted to EUR 75.7 billion compared to EUR 82.3 billion at the end of 2021. This decrease is related to lower unrealised capital gains on the fixed income portfolio due to an increase in interest rates. The fair value of the real estate portfolio increased to EUR 6.3 billion with EUR 2 billion of unrealised gains in line with the end of 2021.

Life Technical Liabilities for Ageas's part excluding shadow accounting for the consolidated entities, decreased 3% compared to the end of 2021, due to market volatility. The strong increase in the Life Technical Liabilities in the non-consolidated entities was driven by continued growth in new business and high persistency levels.

Total **shareholders' equity** at the end of the first half year stood at EUR 9 billion or EUR 49.11 per share. This decrease relates fully to the impact of rising interest rates on the unrealised capital gains on the fixed income portfolio included in the shareholders' equity.

The **regulatory PIM solvency ratio** increased further to 229%, benefiting from spread movements. The solvency of the non-Solvency II scope companies increased to 249%.

Ageas's **Solvency II$_{ageas}$ ratio** increased by 24 percentage points over six months to amount to a high 221%, largely above the Group's target of 175%. This sharp increase was driven by the strong operating performance of the Group and by the rise in interest rates. The contribution of the insurance operations fully covered the accrual of the expected dividend.

The **Operational Capital Generation** of EUR 884 million over the period illustrates the very solid operating performance across the Group. The **Operational Free Capital Generation**, including both the Solvency II and the non-Solvency II scope, amounted to a strong EUR 569 million in the first half of the year, illustrating the very solid operating performance across the Group. This included EUR 452 million generated by the solvency II scope companies and EUR 211 million by the non-solvency II scope entities, while the General Account consumed EUR 94 million.

As part of its Impact24 strategy, Ageas has chosen to focus on shareholder return through a progressive dividend of EUR 1.5 to 1.8 billion cumulative over the three-year plan. Given the continued strong capital position, even in the current volatile economic environment, and the high operational free capital generation across the Group, Ageas feels confident to project an average dividend per share growth of 6-10% over the Impact24 period. The total amount paid will end up in the higher part of the initially communicated range. Therefore, and following the strong half-year results the Board of Directors has decided to pay out an interim gross cash dividend of EUR 1.5 per share by the end of October.

Belgium

Year to date inflows at Ageas's part increased by 5% thanks to strong growth in both Life (+5%) and Non-Life (+5%). Life inflows increased in both Guaranteed and Unit-Linked benefitting from successful sales campaigns in the Broker and Bank channel. Non-Life inflows recorded solid growth in all business lines with strong growth in Household and Motor.

The Life Guaranteed operating margin reached 94 bps thanks to a strong investment result mainly driven by capital gains on real estate realised in the first quarter. The Unit-Linked operating margin remained very strong at 41 bps driven by an improved net underwriting margin and increased volumes.

The Non-Life combined ratio stood at 94.6% and was significantly impacted by adverse weather (7pp). Excluding weather, Non-Life showed a strong underlying performance benefitting from a better performance in Accident & Health and Household. Last year's combined ratio still benefited from lower claims frequency in Motor.

Europe

For Europe, Life inflows were down year-to-date, while Non-Life inflows were up, leading to an overall slight increase in total inflows for the period. Life inflows decreased 15%, impacted by a decrease of Unit-Linked products in Portugal. The off-balance-sheet flexible pension products in Portugal contributed EUR 53 million in inflows for the first six months of 2022. Non-Life inflows increased 3%, with Portugal and Türkiye respectively achieving an increase of 8% and 1%, while the UK remained flat.

Life Guaranteed operating margins decreased to 102 bps, impacted by a higher claims ratio. Life Unit-Linked operating margins amounted to 33 bps, an increase compared to the same period last year driven by a higher Pensions Margin in Portugal.

The Non-Life combined ratio for Europe stood at 97.7%, increasing compared to the 2021 six months figure, which partially benefited from lockdowns. This first half year, the combined ratio was impacted by storms in the UK (3pp) and claims inflation.

The IFRS net result amounted to EUR 95 million, including EUR 16 million negative impact of the application of IAS29, applicable when an entity's functional currency is that of a hyperinflationary economy, in both our Turkish operations: AgeSa and Aksigorta. The result also includes the contribution from the sale of the commercial lines in the UK in Q1, which amounted to EUR 45 million.

Asia

Inflows in Asia increased by 8% over the first six months of the year, supported by the currency impact of the weaker euro. In Life, inflows in the second quarter were driven by a strong 35% growth in new business in China, whereas the focus on high value products and a strategic change of product mix impacted new business in Singapore and Taiping Reinsurance. Overall, Life Technical liabilities increased by 11% in the first half of the year, driven by new business and strong persistency. In Non-Life, inflows were up 25%, thanks to a strong sales momentum across the region.

The Group continued to enjoy a sound operational performance, resulting in a high underlying result. The net result was however impacted by the persistent adverse evolution of the discount rate curve, negative net capital gains following the decline of the Chinese equity market and adverse weather events impacting the Non-Life result.

Reinsurance

Reinsurance gross inflows amounted to EUR 882 million, of which EUR 728 million from the quota share agreements. Excluding last year's reclassification of inflows from Portugal (EUR 66 million), the total reinsurance inflows increased by 5% year-to-date.

The Reinsurance result from the quota share agreements was significantly impacted by its share in the negative result from the adverse weather in Belgium and the UK, while last year's result still benefited from lower claim frequency at ceding companies. In the total reinsurance result, this impact was partially compensated by an additional reserve release related to UK's 2021 Motor reserve review and favourable 2021 proportional result settlement.

General Account

The net result of the General Account included a EUR 107 million positive impact from the revaluation of the RPN(i) reference amount liability in the first half of the year, leading to a positive net result of EUR 43 million. The total liquid assets stand at EUR 1.2 billion.

The EUR 743 million record upstream from the operating companies in the first half of the year more than covered the holding costs and the EUR 495 million dividend paid to Ageas shareholders as well as the share buy-back executed over the first half of the year.

Non-financial and Sustainability Achievements

Ageas continues putting sustainability at the heart of its business. Even with tougher criteria attached to the label, AG has maintained its 'Towards Sustainability Label', making AG the biggest provider of Sustainable Financial Insurances in Belgium.

Still in the context of sustainability, all AG Life insurance products now meet the requirements of Article 8 of the SFDR Regulation, confirming their sustainability character, while Ageas in the UK demonstrates a prevention approach by signing up to Flood Re's Build Back Better scheme, which offers homeowners the opportunity to have flood resistance and resilience measures installed by their insurer if their home is damaged by flooding.

Still in the UK, Ageas was recognised as Personal Lines Insurer of the Year for the second consecutive year at the independently judged British Insurance Awards. And with the acquisition by AG Real Estate of 'Anima' elderly homes, including the Operational side, the Group is broadening its services in the field of Health & Wellbeing.

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Consolidated Financial Statements

Consolidated statement of financial position

	Note	30 June 2022	31 December 2021
Assets			
Cash and cash equivalents		1,790	1,937
Financial investments	*6*	52,550	59,952
Investment property	*6*	3,202	3,117
Loans	*7*	15,150	14,492
Investments related to unit-linked contracts		16,858	18,899
Equity accounted investments		4,992	5,328
Reinsurance and other receivables		2,696	2,149
Current tax assets		59	53
Deferred tax assets		366	100
Accrued interest and other assets		1,935	2,039
Property, plant and equipment	*6*	1,729	1,732
Goodwill and other intangible assets		1,298	1,322
Assets held for sale		32	19
Total assets		**102,657**	**111,139**
Liabilities			
Liabilities arising from Life insurance contracts	*9.1*	26,927	28,673
Liabilities arising from Life investment contracts	*9.2*	29,235	30,617
Liabilities related to unit-linked contracts	*9.3*	16,866	18,901
Liabilities arising from Non-life insurance contracts	*9.4*	8,035	7,889
Subordinated liabilities	*10*	2,749	2,748
Borrowings	*11*	5,009	3,616
Current tax liabilities		43	16
Deferred tax liabilities		325	971
RPN(I)	*12*	413	520
Accrued interest and other liabilities		2,413	2,834
Provisions	*13*	182	182
Liabilities related to assets held for sale			
Total liabilities		**92,197**	**96,967**
Shareholders' equity	*8*	9,021	11,914
Non-controlling interests		1,439	2,258
Total equity		**10,460**	**14,172**
Total liabilities and equity		**102,657**	**111,139**

Consolidated income statement

	Note		First half year 2022		First half year 2021
Income					
- *Gross premium income*		*4,557*		*4,438*	
- *Change in unearned premiums*		*(142)*		*(115)*	
- *Ceded earned premiums*		*(228)*		*(219)*	
Net earned premiums	*16*		4,187		4,104
Interest, dividend and other investment income	*17*		1,305		1,166
Unrealised gain (loss) on RPN(I)			107		(57)
Result on sales and revaluations			249		88
Investment income related to unit-linked contracts			(2,341)		832
Share in result of equity accounted investments			179		231
Fee and commission income			239		228
Other income			130		135
Total income			**4,055**		**6,727**
Expenses					
- *Insurance claims and benefits, gross*		*(3,834)*		*(3,612)*	
- *Insurance claims and benefits, ceded*		*167*		*104*	
Insurance claims and benefits, net	*18*		(3,667)		(3,508)
Charges related to unit-linked contracts			2,276		(899)
Financing costs	*19*		(102)		(69)
Change in impairments			(69)		(29)
Change in provisions	*13*		5		10
Fee and commission expenses			(612)		(626)
Staff expenses			(441)		(419)
Other expenses			(644)		(597)
Total expenses			**(3,254)**		**(6,137)**
Result before taxation			**801**		**590**
Tax income (expenses)			(134)		(117)
Net result for the period			**667**		**473**
Attributable to non-controlling interests			104		66
Net result attributable to shareholders			**563**		**407**
Per share data (EUR)					
Basic earnings per share	*8*		3.05		2.18
Diluted earnings per share	*8*		3.05		2.17

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be presented as below.

	Note	First half year 2022	First half year 2021
Gross premium income		4,557	4,438
Inflow deposit accounting (directly recognised as liability)	*16*	709	784
Gross inflow		**5,266**	**5,222**

Consolidated statement of comprehensive income

	Note	First half year 2022		First half year 2021	
COMPREHENSIVE INCOME					
Items that will not be reclassified to the income statement:					
Remeasurement of defined benefit liability		216		50	
Total of items that will not be reclassified to the income statement:			**216**		**50**
Items that are or may be reclassified to the income statement:					
Change in amortisation of investments held to maturity		*1*		*1*	
Related tax					
Change in amortisation of investments held to maturity	*6*	1		1	
Change in revaluation of investments available for sale (1)		*(4,470)*		*(2)*	
Related tax		*1,020*		*42*	
Change in revaluation of investments available for sale	*6*	(3,450)		40	
Share of equity accounted investments		(564)		(188)	
Change in foreign exchange differences		178		111	
Total items that are or may be reclassified to the income statement:			**(3,835)**		**(36)**
Other comprehensive income for the period			**(3,619)**		**14**
Net result for the period			667		473
Total comprehensive income for the period			**(2,952)**		**487**
Net result attributable to non-controlling interests		104		66	
Other comprehensive income attributable to non-controlling interests		(752)		43	
Total comprehensive income attributable to non-controlling interests			**(648)**		**109**
Total comprehensive income attributable to shareholders			**(2,304)**		**378**

(1) Change in revaluation of investments available for sale, includes the revaluation of cash flow hedges and is net of currency differences and shadow accounting.

Consolidated statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Currency translation reserve	Net result attributable to shareholders	Unrealised gains and losses	Share-holders' equity	Non-controlling interests	Total Equity
Balance as at 1 January 2021	**1,502**	**2,051**	**2,978**	**(260)**	**1,141**	**4,143**	**11,555**	**2,219**	**13,774**
Net result for the period					407		407	66	473
Revaluation of investments						(179)	(179)	32	(147)
Remeasurement IAS 19			39				39	11	50
Foreign exchange differences				111			111		111
Total comprehensive income for the period			39	111	407	(179)	378	109	487
Transfer			1,141		(1,141)				
Dividend			(485)				(485)	(141)	(626)
Change in capital								1	1
Treasury shares									
Share-based compensation			3				3		3
Other changes in equity (1)			(25)				(25)	3	(22)
Balance as at 30 June 2021	**1,502**	**2,051**	**3,651**	**(149)**	**407**	**3,964**	**11,426**	**2,191**	**13,617**
Balance as at 1 January 2022	**1,502**	**2,051**	**3,640**	**29**	**845**	**3,847**	**11,914**	**2,258**	**14,172**
First time application of IAS 29			1	12			13		13
Restated balance as at 1 January 2022	**1,502**	**2,051**	**3,641**	**41**	**845**	**3,847**	**11,927**	**2,258**	**14,185**
Net result for the period					563		563	104	667
Revaluation of investments						(3,203)	(3,203)	(810)	(4,013)
Remeasurement IAS 19			159				159	57	216
Foreign exchange differences				177			177	1	178
Total comprehensive income for the period			159	177	563	(3,203)	(2,304)	(648)	(2,952)
Transfer			845		(845)				
Dividend			(495)				(495)	(169)	(664)
Change in capital									
Treasury shares			(90)				(90)		(90)
Share-based compensation			1				1		1
Other changes in equity (1)			(18)				(18)	(2)	(20)
Balance as at 30 June 2022	**1,502**	**2,051**	**4,043**	**218**	**563**	**644**	**9,021**	**1,439**	**10,460**

(1) Other changes in shareholders' equity include changes in the fair value of the put option on Interparking shares, an indemnity paid to BNP Paribas Fortis SA/NV for Ageas shares held related to the CASHES securities (see note 20.2) and, if and when applicable, capital distributions to holders of FRESH and CASHES securities because Ageas's dividend yield exceeded 5%.

Consolidated statement of cash flow

	Note	First half year 2022		First half year 2021	
Cash and cash equivalents as at 1 January			**1,937**		**2,241**
Result before taxation			801		590
Adjustments to non-cash items included in result before taxation:					
Remeasurement RPN(I)	*12*	(107)		57	
Result on sales and revaluations		(190)		(88)	
Share in result of equity accounted investments		(179)		(231)	
Depreciation, amortisation and accretion		476		405	
Impairments		69		29	
Provisions	*13*	(5)		(10)	
Share-based compensation expense		2		5	
Total adjustments to non-cash items included in result before taxation			*66*		*167*
Changes in operating assets and liabilities:					
Derivatives held for trading (assets and liabilities)		13		28	
Loans	*7*	(658)		(589)	
Reinsurance and other receivables		(406)		(171)	
Investments related to unit-linked contracts		2,041		(789)	
Proceeds from the issuance of borrowings	*11*	1,465		998	
Payment of borrowings	*11*	(91)		(596)	
Liabilities arising from insurance and investment contracts	*9.1 & 9.2 & 9.4*	(2,836)		(1,514)	
Liabilities related to unit-linked contracts	*9*	(1,993)		970	
Net changes in all other operational assets and liabilities		2,142		920	
Dividend received from associates		144		198	
Income tax paid		(81)		(68)	
Total changes in operating assets and liabilities			*(260)*		*(613)*
Cash flow from operating activities			**607**		**144**
Purchases of financial investments		(4,598)		(2,312)	
Proceeds from sales and redemptions of financial investments		4,747		2,935	
Purchases of investment property		(86)		(260)	
Proceeds from sales of investment property		117		2	
Purchases of property, plant and equipment		(32)		(40)	
Proceeds from sales of property, plant and equipment		2		3	
Acquisitions of subsidiaries and equity accounted investments (including capital increases in equity accounted investments)		(127)		(187)	
Divestments of subsidiaries and equity accounted investments (including capital repayments of equity accounted investments)				156	
Purchases of intangible assets		(17)		(50)	
Change in scope of consolidation				(2)	
Cash flow from investing activities			**6**		**245**
Redemption of subordinated liabilities	*10*				
Proceeds from the issuance of shares					
Purchases of treasury shares		(90)			
Dividends paid to shareholders of parent companies		(495)		(485)	
Dividends paid to non-controlling interests		(169)		(141)	
Repayment of capital (including minority interests)		(2)			
Cash flow from financing activities			**(756)**		**(626)**
Effect of exchange rate differences on cash and cash equivalents			**(4)**		**7**
Cash and cash equivalents as at 30 June			**1,790**		**2,011**
Supplementary disclosure of operating cash flow information					
Interest received		1,200		1,189	
Dividend received from financial investments		116		85	
Interest paid		(115)		(102)	

C

General Notes

1 Summary of accounting policies

These Condensed Consolidated Interim Financial Statements ('Interim Financial Statements') as at and for the first six months of 2022 include the financial statements of ageas SA/NV (the parent company) and its subsidiaries. These Interim Financial Statements are prepared in accordance with the International Accounting Standard IAS 34 'Interim Financial Reporting', as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU).

The Board of Directors of Ageas released these Interim Financial Statements for issue on 9 August 2022.

1.1 Basis of accounting

These Interim Financial Statements provide an update to the latest complete set of the Ageas Consolidated Financial Statements for the year ended on 31 December 2021 and should accordingly be read in conjunction with these financial statements.

The accounting policies applied for the first six months of 2022 are consistent with those applied for the year ended on 31 December 2021, except for the changes listed in section 1.2 below.

These Interim Financial Statements are prepared on a going concern basis and are presented in rounded millions of euros, the functional currency of the parent company of Ageas, unless stated otherwise.

Assets and liabilities recorded in the statement of financial position of Ageas usually have a duration of more than 12 months, except for cash and cash equivalents, reinsurance and other receivables, accrued interest and other assets, non-life insurance liabilities, some borrowings like repurchase agreements, accrued interest and other liabilities and current tax assets and liabilities.

The most significant IFRS standards applied for the measurement of the assets and liabilities are:
- IAS 1 for presentation of financial statements;
- IAS 16 for property, plant and equipment;
- IAS 19 for employee benefits;
- IAS 23 for borrowing costs (loans);
- IAS 28 for investments in associates and joint ventures;
- IAS 32 for financial instruments – presentation;
- IAS 36 for impairment of assets;
- IAS 38 for intangible assets;
- IAS 39 for financial instruments – recognition and measurement;
- IAS 40 for investment property;
- IFRS 3 for business combinations;
- IFRS 4 for insurance contracts;
- IFRS 7 for disclosures of financial instruments;
- IFRS 8 for operating segments;
- IFRS 10 for consolidated financial statements;
- IFRS 12 for disclosure of interests in other entities;
- IFRS 13 for fair value measurement;
- IFRS 15 for revenue from contracts with customers; and
- IFRS 16 for leases.

1.2 Changes in accounting policies

As clarified in section 1.6 below, Ageas applies IAS 29 'Financial reporting in hyperinflationary economies' to the financial statements of its Turkish associates 'Aksigorta' and 'AgeSA' as from 1 January 2022.

1.2.1 Current-year changes in IFRS standards

New or revised IFRS standards, interpretations and amendments to IFRS standards and interpretations did not affect Ageas' accounting policies and its consolidated statement of financial position or income statement in a significant way during the first six months of 2022.

The amendments to IFRS 16 'Covid-19-related rent concessions' had no impact on the present consolidated statement of financial position or income statement of Ageas. These amendments extend the practical expedient not to assess whether Covid-19-related rent concessions, that reduce lease payments due on or before 30 June 2022, are a lease modification.

These Interim Financial Statements of Ageas at 30 June 2022 include a notional amount of derivatives used in hedging relationships that are linked to the EURIBOR and a principal amount of subordinated liabilities with a floating coupon rate linked to the EURIBOR. Although the EURIBOR has been successfully reformed to a hybrid methodology in 2019 and is expected to remain in place for the foreseeable future, Ageas continues to monitor the developments regarding the interest rate benchmark reform. Furthermore, fallbacks are introduced in new contracts, to ensure the continuity of those contracts in the unlikely scenario of discontinuation of the EURIBOR. At 30 June 2022, the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 'Interest Rate Benchmark Reform' had no impact on the consolidated statement of financial position or income statement of Ageas.

Following new or revised IFRS standards, interpretations and amendments to IFRS standards and interpretations, that became effective for annual reporting periods beginning on 1 January 2022 or later, and as endorsed by the EU, did not have a significant impact on the consolidated statement of financial position or income statement of Ageas:

- Amendments to IAS 16 'Property, plant and equipment: proceeds before intended use';
- Amendments to IAS 37 'Onerous contracts – cost of fulfilling a contract';
- Amendments to IFRS 3 'References to the Conceptual Framework'; and
- Annual improvements to IFRS standards (2018-2020 cycle): amendments to IFRS 1 'First-time adoption of IFRS standards', amendments to IFRS 9 'Financial instruments', amendments to illustrative examples accompanying IFRS 16 'Leases' and amendments to IAS 41 'Agriculture'.

1.2.2 Upcoming changes in IFRS standards

The following new or revised IFRS standards, interpretations and amendments to IFRS standards and interpretations will become effective for annual reporting periods beginning on 1 January 2023 or later. Ageas has not early adopted any IFRS standard, interpretation or amendment that has been issued but is not yet effective.

Extension of the temporary exemption from applying IFRS 9 – Amendments to IFRS 4

The IASB issued IFRS 9 'Financial instruments' in July 2014 and the EU endorsed IFRS 9 in November 2016. Although IFRS 9 applies for annual reporting periods beginning on or after 1 January 2018, Ageas continues to apply IAS 39 'Financial instruments – recognition and measurement'. Ageas will apply IFRS 9 for the first time for the annual reporting period beginning on 1 January 2023.

The fact that Ageas continues to apply IAS 39 is in line with the amendments to IFRS 4 'Extension of the temporary exemption from applying IFRS 9'. The IASB issued those amendments to IFRS 4 in June 2020, to confirm that insurers can apply both IFRS 9 'Financial instruments' and IFRS 17 'Insurance contracts' together for the first time. The EU endorsed these amendments to IFRS 4 in December 2020.

The amendments to IFRS 4 foresee in two options to minimise the effect of the different effective dates of IFRS 9 and IFRS 17. These options are the 'overlay approach' and 'the temporary exemption from applying IFRS 9'.

The temporary exemption from applying IFRS 9 is an optional temporary exemption from applying IFRS 9 no later than reporting periods beginning on or after 1 January 2023, for entities whose activities are predominantly connected with issuing contracts within the scope of IFRS 4. Ageas performed such predominance analysis at the reference date of 31 December 2015 and concluded being eligible to apply the temporary exemption from applying IFRS 9. This means that:

- The carrying amount of Ageas' liabilities arising from contracts within the scope of IFRS 4 are significant compared to the total carrying amount of all the liabilities of Ageas; and
- The percentage of the total carrying amount of Ageas' liabilities connected with insurance relative to the total carrying amount of all the liabilities of Ageas is greater than 90 per cent.

No reassessment of this analysis has been performed at a subsequent date because there were no substantial changes in the business of Ageas that would require such a reassessment.

Because Ageas is eligible to apply the temporary exemption from applying IFRS 9, Ageas decided to do so and to align the effective dates of IFRS 9 and IFRS 17.

In December 2021, the IASB issued amendments to IFRS 17 on 'Initial application of IFRS 17 and IFRS 9 – comparative information'. These amendments to IFRS 17 permit an entity that will apply IFRS 9 and IFRS 17 together for the first time to apply the 'classification overlay' for the purpose of presenting comparative information about financial assets if the comparative information for those financial assets has not been restated for IFRS 9. Ageas intends to apply the classification overlay.

For presenting comparative information over the reporting period 2022 in its Financial Statements of 2023, Ageas intends to apply the requirements in IFRS 9 on ‘classification & measurement’ and ‘impairment’ for all its financial assets, using reasonable and supportable information available on 1 January 2022.

The classification categories for financial instruments under IAS 39 (i.e. ‘held-to-maturity’, ‘loans and receivables’, ‘available-for-sale’, ‘held-for-trading’ or financial assets designated at fair value through profit or loss) have been replaced under IFRS 9, resulting in three principal measurement bases (i.e. amortised cost, fair value through other comprehensive income or fair value through profit or loss). The classification categories for financial instruments under IFRS 9 will be applied retrospectively, as if the financial instrument had always been classified as such since its initial recognition.

At the date of these Interim Financial Statements, Ageas has materially finalised the classification of its financial assets held at the transition date to IFRS 9 (i.e. 1 January 2022) and concluded that most of its investments in debt instruments are part of the ‘hold to collect and sell’ business model, being measured at fair value through other comprehensive income. This aligns to the fact that Ageas holds most of its financial assets to fund its insurance contract liabilities.

Ageas does not expect that the implementation of IFRS 9 will have a significant effect on its accounting policies for financial liabilities.

In adopting IFRS 9, Ageas intends to also adopt the hedge accounting requirements in IFRS 9, which is not expected to result in a significant impact.

IFRS 17 Insurance contracts

The IASB issued IFRS 17 ‘Insurance contracts’ in May 2017 and amended IFRS 17 in June 2020. IFRS 17 is a comprehensive new accounting standard for insurance contracts, reinsurance contracts and investment contracts with discretionary participation features, covering recognition and measurement, presentation and disclosure of new and in-force groups of contracts. As from 1 January 2023, IFRS 17 will replace the current standard IFRS 4 ‘Insurance contracts'. The IASB expects that IFRS 17 will result in a more consistent accounting of groups of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features compared to IFRS 4, which is largely based on grandfathering previous local accounting policies.

The EU endorsed IFRS 17, including the June 2020 amendments, in November 2021. This endorsement includes an (optional) European carve-out of the annual cohort requirement in IFRS 17 for groups of insurance contracts with direct participating features and groups of investment contracts with discretionary participation features and with cash flows that affect or are affected by cash flows to policyholders of other contracts. Ageas intends to apply this carve-out for a limited set of insurance contracts with direct participation features, aligning with local market practise.

Because Ageas can align the effective dates of IFRS 9 and IFRS 17, a combined implementation project is ongoing. The implementation of IFRS 9 and IFRS 17 will result in a significant change to Ageas’ accounting policies, the presentation in the consolidated financial statements, the reported shareholder’s equity, net result and other comprehensive income.

The implementation preparations within the European subsidiaries of Ageas are on track to apply IFRS 9 and IFRS 17 for annual reporting periods beginning on or after 1 January 2023. Several dry-runs have been performed and the transitional balance sheet is under construction. The implementation preparations in our Asian associates started later, following local regulation and guidelines. The most significant associates are progressing well to comply with the effective date of 1 January 2023 and the official reporting deadlines.

IFRS 17 introduces a current value accounting model for insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. The main features of this new accounting model and the main choices Ageas currently considers are as follows:

- Measurement of the present value of future cash flows, incorporating an explicit risk adjustment for non-financial risk, remeasured at every reporting period (i.e. the fulfilment cash flows). This measurement approach is referred to as the General Measurement Model (GMM);
- The future cash flows used in the measurement of the fulfilment cash flows are based on the requirements in IFRS 17 on contract boundaries, which differ for some product groups from current practice under IFRS 4 or those applicable under Solvency II;

- To determine the present value of the future cash flows, Ageas intends to apply discount rates using a top-down methodology, aligning to the methodology used under Solvency II pillar 2 for the subsidiaries;
- Ageas considers applying a confidence level approach to determine the risk adjustment for non-financial risk, which differs from the mandatorily used cost of capital approach to determine the risk margin under Solvency II for the subsidiaries;
- In addition to the fulfilment cash flows, a Contractual Service Margin (CSM) is recognised. The CSM represents the unearned profit on the contracts, which is recognised in the income statement over the period Ageas provides insurance contract services. Consequently, any day one gains in the fulfilment cash flows of a group of contracts is deferred. Any losses are however immediately recognised in the income statement;
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in the income statement over the remaining period during which Ageas provides insurance contract services;
- In the income statement, insurance service results are presented separately from insurance finance income or expense, which is expected to increase the transparency about the profitability of insurance contracts;
- The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income is based on the concept of insurance contract services provided during the reporting period;
- IFRS 17 permits to present the effect of changes in discount rates either in the income statement or partly in the income statement and partly in other comprehensive income, depending on the entity's accounting policy choice. Ageas intends to disaggregate the effect of changes in discount rates between the income statement and other comprehensive income for most of its insurance portfolios;
- Amounts that the policyholders will always receive, regardless of whether an insured event happens (i.e. investment components), are not presented in the income statement but are recognised directly on the statement of financial position;
- IFRS 17 permits to measure contracts that meet specific conditions, such as a coverage period of one year or less, applying the simplified Premium Allocation Approach (PAA) (instead of the GMM). Ageas intends to apply the PAA for the majority of the eligible contracts in its non-life and its reinsurance business;
- Insurance contracts with direct participation features are mandatorily measured applying the Variable Fee Approach (VFA) (instead of the GMM), whereby the CSM is adjusted with changes in financial variables. The VFA will apply to a limited set of insurance contracts issued by Ageas' subsidiaries;
- At the transition date to IFRS 17, Ageas will apply the requirements in IFRS 17 retrospectively to its insurance contracts, reinsurance contracts and investment contracts with discretionary participation features, unless it is impracticable to do so due to a lack of reasonable and supportable historical data. At that moment, Ageas will apply either the fair value transition approach or the modified retrospective approach; and
- Extensive disclosures will provide information on the recognised amounts from groups of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features and on the nature and extent of risks arising from these contracts.

Ageas considered and reflected on the ESMA Public Statement on 'Transparency on implementation of IFRS 17 Insurance Contracts'. Considering the different stages of implementation within Ageas' subsidiaries and associates, and the material contribution of its associates to the consolidated income statement and shareholders' equity of Ageas, Ageas is currently not yet ready to reliably quantify the impact of both standards at their transition date. However, the most significant entities are progressing well to comply with the effective date of 1 January 2023 and the official reporting deadlines.

Other changes in IFRS standards

Ageas does not expect that other forthcoming new or revised IFRS standards, interpretations and amendments to IFRS standards and interpretations, that will become effective for annual reporting periods beginning on or after 1 January 2023, will affect its consolidated statement of financial position or income statement in a significant way. Not all of those changes have already been endorsed by the EU.

Those changes relate to:

- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of accounting policies';
- Amendments to IAS 8 'Definition of accounting estimates';
- Amendments to IAS 12 'Deferred tax related to assets and liabilities arising from a single transaction'; and
- Amendments to IAS 1 'Classification of liabilities as current or non-current'.

1.3 Accounting estimates

In preparing these Interim Financial Statements, Ageas used certain judgements, estimates and assumptions, which are reflected in the reported amounts of assets and liabilities, revenues and expenses and in the amounts reported in the notes to these Interim Financial Statements. The judgements, estimates and assumptions used are based on experience and on information reasonably available at the time these Interim Financial Statements are prepared. Each judgement, estimate and assumption carries by its nature some degree of uncertainty and a risk of material adjustment (positive or negative) to the carrying amounts of assets and liabilities during future reporting period(s). Potential revisions are recognised in the reporting period in which the judgement, estimate or assumption is revised.

Ageas is not active in Ukraine and Russia but carefully monitors the evolving geo-political tensions in those regions, in particular with regards to indirect macro-economic effects such as the future evolution of interest rates and inflation in markets in which Ageas is active. Ageas assesses the direct impact to be immaterial. If applicable, estimates and underlying assumptions have been reviewed and are reflected in the amounts reported in these Interim Financial Statements.

The table below includes the estimation uncertainty of the key judgements, estimates and assumptions:

Assets

Financial instruments:
- Fair value - Level 2:
  - The valuation model
  - Inactive markets
- Fair value - Level 3:
  - The valuation model
  - The use of non-market observable input
  - Inactive markets

Investment property:
- The determination of the useful life and residual value

Loans:
- The valuation model
- The use of parameters such as credit spread, maturity and interest rates

Associates:
- Uncertainties depending on the asset mix, operations and market developments
- Application of the requirements for hyperinflationary economies and measurement unit

Goodwill impairment testing:
- The valuation model
- Financial and economic variables
- The discount rate used
- The inherent risk premium of the entity

Other intangible assets:
- The determination of the useful life and residual value

Deferred tax assets:
- Interpretation of tax regulations
- Amount and timing of future taxable income

Liabilities

Insurance contract liabilities:
- Life:
  - The actuarial assumptions used
  - The yield curve used in the Liability Adequacy Test (LAT-test)
  - The reinvestment profile of the investment portfolio, credit risk spread and maturity, when determining the shadow LAT adjustment
- Non-life:
  - The expected ultimate cost of claims reported at the reporting period
  - The expected ultimate cost of claims incurred but not yet reported at the reporting date
  - Claim adjustment expenses

Pension obligations:
- The actuarial assumptions used
- The discount rate used
- Inflation and salary evolutions

Provisions:
- The likelihood of a present obligation due to events in the past
- The calculation of the best estimated amount

Deferred tax liabilities:
- Interpretation of tax regulations
- Amount and timing of future taxable income

1.4 Information on operating segments

Ageas' reportable operating segments are primarily based on geographical regions. The regional split is based on the fact that the activities in these regions share the same nature and economic characteristics and are managed as such.

End 2020, Ageas appointed Filip Coremans as Managing Director Asia and Antonio Cano as Managing Director Europe. This change in responsibilities of two members of the Executive Committee of Ageas reflects the growing importance of a dedicated regional focus and responds to the specific challenges and opportunities between the regions. As a direct consequence of this change, with effect of its new three-year strategic plan 'Impact 24', Ageas decided to change its reportable operating segments by including the previous operating segment 'United Kingdom' into the previous operating segment 'Continental Europe', which has been renamed to 'Europe'. This change applies for the annual reporting period starting on 1 January 2022.

Ageas' operating segments are:

- Belgium;
- Europe;
- Asia;
- Reinsurance; and
- General account.

Activities not related to insurance and group elimination differences are reported separately from the core insurance activities. Those non-insurance activities are reported in the operating segment 'General account', which includes activities such as group financing and other holding activities. In addition, the operating segment 'General account' also includes the investment in Royal Park Investments and the liabilities related to CASHES/RPN(I).

Transactions or transfers between the operating segments occur under normal commercial terms and conditions that would be available to unrelated third parties. Eliminations are reported separately.

1.5 Consolidation principles

These Interim Financial Statements include the financial statements of ageas SA/NV (the parent company) and its subsidiaries.

Business combinations

When the set of acquired activities and assets meet the definition of a business and control is transferred to Ageas, Ageas accounts for a business combination using the acquisition method. For the acquisition to be considered a business, the acquired set of activities and assets shall include an input and a substantive process applied to the input, that together significantly contribute to the ability to create outputs. The acquired process is substantive if it is critical to the ability to develop or convert an acquired input into output or it is critical to the ability to continue producing outputs.

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the fair value at acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, Ageas has an option to measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at the fair value at acquisition date and any resulting gain or loss is recognised in profit or loss.

Subsidiaries

Subsidiaries are those entities over which Ageas, either directly or indirectly, has the power to govern the financial and operating policies to obtain benefits from the activities ('control'). In assessing whether Ageas controls another entity, the existence and effect of potential voting rights that are substantive in nature, presently exercisable or presently convertible, are considered.

Subsidiaries are consolidated as from the date on which effective control is transferred to Ageas and are no longer consolidated from the date on which control ceases.

Subsidiaries acquired exclusively with a view to resale are accounted for as non-current assets held for sale.

Intercompany transactions (balances and gains or losses on transactions between Ageas companies) are eliminated.

Sale of a portion of ownership interest in a subsidiary

Gains or losses on the sale of a portion of ownership interest in a subsidiary are recognised as follows:

- If there is no loss of control, the transaction is accounted for as an equity transaction (i.e. transaction with owners in their capacity as owner); or
- If there is a loss of control, the transaction is accounted for in the income statement, calculated on the total participation. Any interest retained in the former subsidiary is measured at fair value at the time of loss of control. However, if the loss of control results from a non-monetary contribution of a subsidiary to an associate or joint venture, the gain or loss is recognised only to the extent of the portion of ownership interest that has been transferred to other investors, resulting in a partial gain recognition.

Associates

Investments in associates are those investments over which Ageas has a significant influence, i.e. power to participate in the financial and operating policy decisions of the investee, but is not in control or joint control.

Investments in associates are accounted for using the equity method. At initial recognition, the investment is recognised at cost, which includes transaction costs. At subsequent measurement, the share of net income for the year is recognised in the income statement as 'Share in result of associates'. Ageas' share in the associate's post-acquisition direct equity movements is recognised in other comprehensive income. Distributions received from associates reduce the carrying amount of the investment.

Interests in joint ventures, whereby joint control of an arrangement provides Ageas rights to the net assets of that joint arrangement, are accounted for as investments in associates.

Gains on transactions between Ageas and investments accounted for using the equity method are eliminated to the extent of Ageas' interest. Losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Losses are recognised until the carrying amount of the investment is reduced to zero. Additional losses are only recognised to the extent that Ageas has incurred legal or constructive obligations or made payments on behalf of an associate.

For long-term interests (e.g. inter-company loans) in an associate or joint venture, that form part of the net investment in the associate or joint venture, but to which the equity method is not applied, IAS 39 is applied.

Disposal of subsidiaries, businesses, and non-current assets

A non-current asset (or disposal group, such as subsidiaries) is classified as 'held for sale' if it is available for immediate sale in its present condition and if its sale is highly probable.

A sale is highly probable if:
- There is evidence of management commitment;
- There is an active programme to locate a buyer and complete the plan;
- The asset is actively marketed for sale at a reasonable price compared to its fair value;
- The sale is expected to be completed within 12 months of the date of classification; and
- Actions required to complete the plan indicate that it is unlikely that there will be significant changes to the plan or that it will be withdrawn.

The probability of shareholder's approval is considered as part of the assessment of whether the sale is highly probable. If regulatory approval is needed, a sale is only considered to be highly probable after this approval.

A non-current asset (or disposal group) classified as held for sale is:
- Measured at the lower of the carrying amount and fair value less costs to sell (except for the assets that are exempt from this rule such as IFRS 4 insurance rights, financial assets, deferred taxes and pension plans);
- Current assets and all liabilities are measured in accordance with the applicable IFRS;
- Not depreciated or amortised; and
- Presented separately in the statement of financial position (assets and liabilities are not offset).

The date of disposal of a subsidiary or disposal group is the date on which control passes. The consolidated income statement includes the results of a subsidiary or disposal group up to the date of disposal. The gain or loss on disposal is the difference between a) the proceeds of the sale and b) the carrying amount of the net assets plus any attributable goodwill and amounts accumulated in other comprehensive income (for example, foreign translation adjustments and available-for-sale reserves).

A discontinued operation is a part of Ageas that has been disposed of or is classified as held for sale and:
- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Results on discontinued operations are presented separately in the income statement.

1.6 Foreign currency transactions and balances

Individual entities of Ageas account for foreign currency transactions using the exchange rate at the date of the transaction.

At the end of a reporting period, outstanding balances in foreign currencies on monetary items are translated at the exchange rate at the end of the reporting period. Foreign exchange differences arising from monetary assets classified as available-for-sale are recognised in the income statement for the exchange differences resulting from changes in amortised cost. Other fair value gains and losses on those instruments are recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost are translated using the historical exchange rate that existed at the date of the transaction. Non-monetary items that are measured at fair value are translated using the exchange rate at the date that the fair value is determined. The resulting exchange gains or losses are recognised in the income statement as change in foreign currency differences, except for those non-monetary items whose fair value change is recorded in other comprehensive income.

Foreign currency translation

Upon consolidation, Ageas translates the statement of financial position of foreign entities whose functional currency is not denominated in euro, and whose economy is not considered hyperinflationary at the reporting date, using the exchange rate prevailing at the date of the statement of financial position. The income statement and cash flow statement of those foreign entities is translated at the average daily exchange rates for the current reporting period (or exceptionally at the exchange rate at the date of the transaction if exchange rates fluctuate significantly).

Ageas recognises exchange differences on foreign entities in other comprehensive income. On disposal of a foreign entity, previously recognised exchange differences are recycled and are recognised in the income statement as part of the gain or loss on the sale.

Exchange differences arising on monetary items, borrowings and other currency instruments, designated as hedges of a net investment in a foreign entity, are recognised in other comprehensive income, until the disposal of the net investment, except for any hedge ineffectiveness that is immediately recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate on the date of the statement of financial position. Ageas recognises all resulting exchange differences in other comprehensive income until disposal of the foreign entity. At that moment, a recycling to the income statement takes place.

Hyperinflation in Türkiye

On 30 June 2022, the Turkish economy is considered to be hyperinflationary in accordance with the criteria in IAS 29 ‘Financial reporting in hyperinflationary economies’. At that date, the three-year cumulative inflation in Türkiye exceeds 100% (136%), based on the Consumer Price Index published by the Turkish Statistical Institute. Consequently, Ageas applied in these Interim Financial Statements for the first time the requirements in IAS 29 to the financial statements of its Turkish associates ‘Aksigorta’ and ‘AgeSA’.

IAS 29 requires that the financial statements prepared in the currency of a hyperinflationary economy be stated in terms of their purchasing power at the reporting date. To calculate its share in the net assets and results of operation of these Turkish associates, Ageas adjusts non-monetary assets and liabilities stated at historical cost, equity and items in the income statement for changes in purchasing power, using the Consumer Price Index published by the Turkish Statistical Institute. In a second step, the adjusted financial statements are translated into euros at the exchange rate on 30 June 2022.

In accordance with IAS 21 ‘The effects of changes in foreign exchange rates’, the comparative information of the annual reporting period 2021 has not been restated and the impact resulting from the first-time application of IAS 29 has been recognised in consolidated equity on 1 January 2022.

The application of IAS 29 resulted in an impact of EUR -16 million in the consolidated income statement of Ageas for the first six months of 2022.

Exchange rates

The following table shows the exchange rates of the most relevant currencies for Ageas.

		Rates at end of period		Average rates
1 euro =	30 June 2022	31 December 2021	First half year 2022	First half year 2021
Pound sterling	0.86	0.84	0.84	0.87
US dollar	1.04	1.13	1.09	1.21
Hong Kong dollar	8.15	8.83	8.55	9.36
Türkiye lira	17.32	15.23	16.27	9.52
China yuan renminbi	6.96	7.19	7.08	7.80
Indian Rupee	82.12	84.23	83.31	88.41
Malaysia ringgit	4.58	4.72	4.67	4.94
Philippines Peso	57.15	57.76	56.99	58.16
Thailand baht	36.75	37.65	36.85	37.15
Vietnamese Dong	24,308	25,989	25,056	27,771

2 Acquisitions and disposals

Details of acquisitions and disposals, if any, which took place after the date of the statement of financial position, are included in note 21 Events after the date of the statement of financial position.

2.1 Acquisitions as at 30 June 2022

Additional interest in AFLIC (Asia)

On 20 May 2022, Ageas announced that it has signed an agreement to increase its interest in the joint venture Ageas Federal Life Insurance Company Ltd (AFLIC) from 49% to 74% for a cash consideration of INR 5.8 billion. This transaction is subject to regulatory approval and is expected to close in the second half of 2022.

Real estate companies (Europe)

Two real estate companies were jointly acquired by several group entities in Portugal. Campolide XXI was acquired at the end of 2021 for an amount of EUR 30 million and SPPP in the first quarter of 2022 for 82 million.

Milleniumbcp Ageas holds the majority of the shares in both companies. These companies are fully consolidated by Ageas group as per 30 June 2022.

2.2 Acquisitions in 2021

AgeSA (formerly: AvivaSA) (Europe)

On 5 May 2021, Ageas announced that it had obtained all regulatory approvals and completed its acquisition from Aviva plc, a 40% stake in the Turkish listed life insurance and pensions company AgeSA. The cash consideration amounted to GBP 119 million (EUR 143 million including transaction costs). AgeSA is accounted for using the equity method.

AG Insurance (Belgium)

In 2021, AG Insurance increased its interest in CCN (Centre de Communication Nord, mixed redevelopment project in Brussels) from 5% to 50%. This associate is still accounted for using the equity method.

2.3 Disposals in 2021

Tesco Underwriting Ltd. (TU) (Europe)

On 14 October 2020, Ageas announced an agreement for Tesco Bank to buy Ageas's 50.1% stake in associate Tesco Underwriting Limited. Accordingly, the carrying amount of the associate was presented as held for sale in the 2020 financial statements. The sale was completed on 4 May 2021 for a cash consideration of GBP 112 million. The impact of the sale on the results of the first 6 months of 2021 was a profit of EUR 4.2 million. This gain is spread over across the income statement captions 'Interest, dividend and other investment income' and 'Results on sales and revaluations'

AG Insurance (Belgium)

In 2021, Transimmo was fully consolidated by AG Insurance and was no longer accounted for using the equity method.

3 Regulatory supervision and solvency

ageas SA/NV is the ultimate parent of the Ageas Group. The National Bank of Belgium (NBB) had designated ageas SA/NV as an Insurance Holding. In June 2018, the NBB has granted ageas SA/NV a license to underwrite life and non-life reinsurance activities. The NBB is the group supervisory authority and in that capacity receives specific reports which form the basis of prudential supervision at group level. In its role as group supervisory authority the NBB facilitates group supervision via a college of supervisors. Supervisors in the EEA member countries where Ageas is active are represented in this college. The college, operating on the basis of European regulations, ensures that the collaboration, exchange of information and mutual consultation between the supervisory authorities takes place and furthermore promotes convergence of supervisory activities.

3.1 Requirements and available capital under Solvency II - Partial Internal Model (Pillar 1 – not reviewed)

Since 1 January 2016, Ageas is supervised on a consolidated level based on the Solvency II framework, applying a Partial Internal Model (PIM) for pillar 1 reporting, where the main part of the Non-life risks are modelled according to Ageas specific formulas, instead of the standard formula approach.

For fully consolidated entities, the consolidation scope for Solvency II is comparable to the IFRS consolidation scope, with the exception of Interparking, which is proportionally consolidated in Solvency II and fully consolidated in IFRS. The European equity associates are included pro rata, without any diversification benefits, while non-European equity associates are excluded from own funds and required solvency, as the applicable solvency regimes are deemed non-equivalent with Solvency II. After Tesco Underwriting's disposal in Q2 2021, Ageas has no European equity associate included pro rata. In Q4 2021, AgeSA, the Turkish equity associate purchased in May 2021, entered the scope of the group Solvency II calculations. AgeSA provides Ageas with Solvency II calculations that are included pro rata, without any diversification.

In the Partial Internal Model (PIM), Ageas applies transitional measures relating to technical provisions in Portugal and France and the grandfathering of issued hybrid debt.

3.2 Ageas capital management under Solvency II – SCR_{ageas} (Pillar 2 – not reviewed)

Ageas considers a strong capital base at the individual insurance operations a necessity, on the one hand as a competitive advantage and on the other as being necessary to fund the planned growth.

For its capital management Ageas uses an internal approach based on the Partial Internal Model with an adjusted spread risk, applying an Internal Model for Real Estate (as from 2016), the removal of transitional measures (with the exception of the grandfathering of issued hybrid debt and the extension of reporting deadlines) and an adjustment for the fair valuation of IAS19 reserves.

In this adjustment, spread risk is calculated on the fundamental part of the spread risk for all bonds. This introduces an SCR charge for EU and high rated government bonds and decreases the spread risk charge for all other bonds. Technical provisions are net present valued using an interest curve as prescribed by EIOPA, but instead of using the standard volatility adjustment, the companies apply a company specific volatility adjustment or use an expected loss model, based on the composition of their specific asset portfolio. This SCR is called the SCR_{ageas}.

Capital position Ageas per segment, based on the SCR Ageas.

	30 June 2022			31 December 2021		
	Own Funds	SCR	Solvency Ratio	Own Funds	SCR	Solvency Ratio
Belgium	5,427	2,355	230.4%	6,116	2,884	212.1%
Europe	1,922	1,037	185.2%	1,923	1,159	165.9%
Reinsurance	868	392	221.6%	905	405	223.3%
General Account including elimination and diversification	1,153	227		904	211	
Non-transferable own funds / Diversification	(1,664)	(520)		(1,713)	(531)	
Total Ageas	**7,706**	**3,492**	**220.7%**	**8,135**	**4,128**	**197.1%**

The Target capital ratio is set at 175% based on SCR_{ageas}.

4 Related parties

As at 30 June 2022, no outstanding or new loans, credits or bank guarantees had been granted to Board Members and executive managers or to close family members of the Board members and close family members of executive managers.

The law of 28 April 2020 implementing Directive 2017/828 of the European Parliament and the Council (the Second Shareholder Rights Directive or SRD II) introduced a new regime for related party transactions, which is applicable to all the members of the Ageas group and entered into force on 16 May 2020. Among other elements, this new regime entails a reinforced obligation for Ageas to report on the application of the related party transactions procedure, both immediately upon occurrence of the transaction as well as in the annual report for the relevant financial year. Between 1 January 2022 and 30 June 2022, no transactions took place within the Ageas group which triggered the application of the procedure.

5 Information on operating segments

5.1 General information

Ageas's operating segments are based on geographical regions to manage activities that share the same nature and economic characteristics.

As from 1 January 2022, the segment structure has been updated whereby the segment "United Kingdom" is reported under the segment "Europe". (See section 1.4 "Information on operating segments" in "Summary of accounting policies" for details.) The comparative figures for the year 2021 have been restated accordingly.

5.2 Income statement by operating segment

First half year 2022	Belgium	Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Income									
- Gross premium income	*2,970*	*1,543*		*882*	*(836)*	*4,559*		*(2)*	*4,557*
- Change in unearned premiums	*(120)*	*(8)*		*(95)*	*81*	*(142)*			*(142)*
- Ceded earned premiums	*(419)*	*(512)*		*(43)*	*746*	*(228)*			*(228)*
Net earned premiums	2,431	1,023		744	(9)	4,189		(2)	4,187
Interest, dividend and other investment income	1,191	101		11		1,303	20	(18)	1,305
Unrealised gain (loss) on RPN(I)							107		107
Result on sales and revaluations	163	83		2	(1)	247		2	249
Income related to investments for unit-linked contracts	(1,685)	(656)				(2,341)			(2,341)
Share in result of equity accounted investments	8	(5)	176			179			179
Fee and commission income	260	238		9	(268)	239			239
Other income	100	34		1		135	6	(11)	130
Total income	**2,468**	**818**	**176**	**767**	**(278)**	**3,951**	**133**	**(29)**	**4,055**
Expenses									
- Insurance claims and benefits, gross	*(2,776)*	*(1,038)*		*(494)*	*473*	*(3,835)*		*1*	*(3,834)*
- Insurance claims and benefits, ceded	*325*	*272*		*30*	*(460)*	*167*			*167*
Insurance claims and benefits, net	(2,451)	(766)		(464)	13	(3,668)		1	(3,667)
Charges related to unit-linked contracts	1,641	634			1	2,276			2,276
Financing costs	(76)	(9)		(1)	1	(85)	(35)	18	(102)
Change in impairments	(63)	(6)				(69)			(69)
Change in provisions	1	1				2	3		5
Fee and commission expenses	(372)	(223)		(285)	268	(612)			(612)
Staff expenses	(289)	(123)	(12)	(1)		(425)	(18)	2	(441)
Other expenses	(433)	(185)	(3)	4	(5)	(622)	(32)	10	(644)
Total expenses	**(2,042)**	**(677)**	**(15)**	**(747)**	**278**	**(3,203)**	**(82)**	**31**	**(3,254)**
Result before taxation	**426**	**141**	**161**	**20**		**748**	**51**	**2**	**801**
Tax income (expenses)	(93)	(30)				(123)	(10)	(1)	(134)
Net result for the period	**333**	**111**	**161**	**20**		**625**	**41**	**1**	**667**
Attributable to non-controlling interests	88	17			(1)	104			104
Net result attributable to shareholders	**245**	**95**	**161**	**20**		**521**	**41**	**1**	**563**
Total income from external customers	2,637	1,116	176			3,929	126		4,055
Total income internal	(169)	(298)		767	(278)	22	7	(29)	
Total income	**2,468**	**818**	**176**	**767**	**(278)**	**3,951**	**133**	**(29)**	**4,055**

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be presented as follows.

First half year 2022	Belgium	Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Gross premium income	2,970	1,543		882	(836)	4,559		(2)	4,557
Inflow deposit accounting	392	317				709			709
Gross inflow	**3,362**	**1,860**		**882**	**(836)**	**5,268**		**(2)**	**5,266**

First half year 2021	Belgium	Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Income									
- Gross premium income	*2,837*	*1,570*		*903*	*(870)*	*4,440*		*(2)*	*4,438*
- Change in unearned premiums	*(116)*	*4*		*(138)*	*135*	*(115)*			*(115)*
- Ceded earned premiums	*(391)*	*(515)*		*(39)*	*726*	*(219)*			*(219)*
Net earned premiums	2,330	1,059		726	(9)	4,106		(2)	4,104
Interest, dividend and other investment income	1,041	115		10	(1)	1,165	18	(17)	1,166
Unrealised gain (loss) on RPN(I)							(57)		(57)
Result on sales and revaluations	67	23		1	(1)	90	(5)	3	88
Income related to investments for unit-linked contracts	581	250			1	832			832
Share in result of equity accounted investments	6	9	215			230	1		231
Fee and commission income	249	240		7	(268)	228			228
Other income	111	29			1	141	5	(11)	135
Total income	**4,385**	**1,725**	**215**	**744**	**(277)**	**6,792**	**(38)**	**(27)**	**6,727**
Expenses									
- Insurance claims and benefits, gross	*(2,535)*	*(1,041)*		*(433)*	*395*	*(3,614)*		*2*	*(3,612)*
- Insurance claims and benefits, ceded	*209*	*273*		*4*	*(382)*	*104*			*104*
Insurance claims and benefits, net	(2,326)	(768)		(429)	13	(3,510)		2	(3,508)
Charges related to unit-linked contracts	(622)	(276)			(1)	(899)			(899)
Financing costs	(44)	(9)		(1)	1	(53)	(34)	18	(69)
Change in impairments	(27)	(2)				(29)			(29)
Change in provisions							10		10
Fee and commission expenses	(361)	(249)		(284)	268	(626)			(626)
Staff expenses	(271)	(120)	(11)	(1)	1	(402)	(18)	1	(419)
Other expenses	(411)	(162)	(1)	1	(5)	(578)	(27)	8	(597)
Total expenses	**(4,062)**	**(1,586)**	**(12)**	**(714)**	**277**	**(6,097)**	**(69)**	**29**	**(6,137)**
Result before taxation	**323**	**139**	**203**	**30**		**695**	**(107)**	**2**	**590**
Tax income (expenses)	(81)	(27)				(108)	(10)	1	(117)
Net result for the period	**242**	**112**	**203**	**30**		**587**	**(117)**	**3**	**473**
Attributable to non-controlling interests	51	15				66			66
Net result attributable to shareholders	**191**	**97**	**203**	**30**		**521**	**(117)**	**3**	**407**
Total income from external customers	4,540	2,019	211			6,770	(43)		6,727
Total income internal	(155)	(294)	4	744	(277)	22	5	(27)	
Total income	**4,385**	**1,725**	**215**	**744**	**(277)**	**6,792**	**(38)**	**(27)**	**6,727**

Gross inflow (sum of gross written premiums and premium inflow from investment contracts without discretionary participation features) can be presented as follows.

First half year 2021	Belgium	Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Group Eliminations	Total
Gross premium income	2,837	1,570		903	(870)	4,440		(2)	4,438
Inflow deposit accounting	375	409			(1)	783		1	784
Gross inflow	**3,212**	**1,979**		**903**	**(871)**	**5,223**		**(1)**	**5,222**

5.3 Operating result insurance

To analyse the insurance results, Ageas uses the concept of operating result.

Operating result includes net earned premiums, fees and allocated investment income and realised capital gains or losses minus net claims and benefits and all operating expenses, including claim handling expenses, investment expenses, commissions and other expenses, allocated to insurance and/or investment contracts. The difference between operating result and result before taxation consists of all income and costs not allocated to insurance and/or investment contracts and thus not reported in the operating result or result from non-consolidated partnerships. The definitions of the alternative performance measures are explained below the tables.

Within its insurance operating segments, Ageas manages its Life and Non-life businesses separately. Life business includes insurance contracts covering risks related to the life and death of individuals. Life business also includes investment contracts with and without discretionary participation features (DPF). Non-life comprises four lines of business: Accident & Health, Motor, Fire and Other damage to property (covering the risk of property losses or claims liabilities), and Other.

The operating margin for the different segments and lines of business and the reconciliation to profit before taxation are shown below.

First half year 2022	Belgium	Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Eliminations	Total Ageas
Gross inflow Life	2,074	724		15	(15)	2,798			2,798
Gross inflow Non-life	1,288	1,136		867	(821)	2,470		(2)	2,468
Operating costs	(320)	(230)		(2)	1	(551)			(551)
- Guaranteed products	*219*	*40*		*(1)*		*258*			*258*
- Unit linked products	*28*	*10*				*38*			*38*
Life operating result	247	50		(1)		296			296
- Accident & Health	*20*	*17*		*4*		*41*			*41*
- Motor	*45*	*43*		*11*	*(23)*	*76*			*76*
- Fire and other damage to property	*25*	*(7)*		*1*	*15*	*34*			*34*
- Other	*37*	*(8)*		*4*	*3*	*36*		*2*	*38*
Non-life operating result	127	45		20	(5)	187		2	189
Operating result	**374**	**95**		**19**	**(5)**	**483**		**2**	**485**
Share in result of equity accounted investments, non allocated		(9)	159			150			150
Other result, including brokerage	52	55	2	1	5	115	51		166
Result before taxation	**426**	**141**	**161**	**20**		**748**	**51**	**2**	**801**
Key performance indicators Life									
Net underwriting margin	(0.07%)	0.21%		(26.21%)		(0.02%)			(0.02%)
Investment margin	0.89%	0.51%				0.82%			0.82%
Operating margin	0.82%	0.72%		(26.21%)		0.80%			0.80%
- Operating margin Guaranteed products	*0.94%*	*1.02%*		*(26.21%)*		*0.95%*			*0.95%*
- Operating margin Unit linked products	*0.41%*	*0.33%*				*0.39%*			*0.39%*
Life cost ratio in % of Life technical liabilities (annualised)	0.43%	0.58%		9.00%		0.46%			0.46%
Key performance indicators Non-life									
Expense ratio	34.6%	32.5%		37.4%		34.9%			34.9%
Claims ratio	56.2%	63.5%		61.5%		60.0%			60.0%
Combined ratio	90.8%	96.0%		98.9%		94.9%			94.9%
Operating margin	16.9%	7.2%		2.8%		8.9%			9.0%
Technical Insurance liabilities	63,896	17,021		1,771	(1,609)	81,078		(15)	81,063

First half year 2021	Belgium	Europe	Asia	Reinsurance	Insurance Eliminations	Total Insurance	General Account	Eliminations	Total Ageas
Gross inflow Life	1,981	876		22	(21)	2,858			2,858
Gross inflow Non-life	1,231	1,103		881	(850)	2,365		(1)	2,364
Operating costs	(315)	(216)		(2)	1	(532)			(532)
- Guaranteed products	*188*	*48*		*1*		*237*			*237*
- Unit linked products	*23*	*10*				*33*			*33*
Life operating result	211	58		1		270			270
- Accident & Health	*9*	*24*		*(4)*		*29*			*29*
- Motor	*64*	*47*		*14*	*(4)*	*121*			*121*
- Fire and other damage to property	*12*	*1*		*10*		*23*			*23*
- Other	*23*	*(2)*		*9*	*(1)*	*29*		*2*	*31*
Non-life operating result	108	70		29	(5)	202		2	204
Operating result	**319**	**128**		**30**	**(5)**	**472**		**2**	**474**
Share in result of equity accounted investments, non allocated		6	215		(4)	217	1		218
Other result, including brokerage	4	5	(12)		9	6	(108)		(102)
Result before taxation	**323**	**139**	**203**	**30**		**695**	**(107)**	**2**	**590**
Key performance indicators Life									
Net underwriting margin	(0.02%)	0.35%		21.23%		0.07%			0.07%
Investment margin	0.73%	0.43%				0.66%			0.66%
Operating margin	0.71%	0.78%		21.23%		0.73%			0.73%
- Operating margin Guaranteed products	*0.81%*	*1.13%*		*21.23%*		*0.86%*			*0.86%*
- Operating margin Unit linked products	*0.37%*	*0.32%*				*0.35%*			*0.35%*
Life cost ratio in % of Life technical liabilities (annualised)	0.43%	0.46%		6.56%		0.43%			0.43%
Key performance indicators Non-life									
Expense ratio	34.2%	33.6%		39.0%		35.5%			35.5%
Claims ratio	56.6%	57.7%		58.4%		57.5%			57.5%
Combined ratio	90.8%	91.3%		97.4%		93.0%			93.0%
Operating margin	14.8%	11.5%		4.2%		9.8%			9.9%
Technical Insurance liabilities	66,304	18,928		1,659	(1,576)	85,315		(14)	85,301

Definitions of alternative performance measures in the tables:

Net underwriting result	:	The difference between the net earned premiums and the sum of the actual claim payments and the change in insurance liabilities, both net of reinsurance. The result is presented net of allocated claim handling expenses, general expenses, commissions and reinsurance.
Net underwriting margin	:	For Life the net annualised underwriting result divided by the average net Life insurance liabilities during the reporting period. For Non-life the net underwriting result divided by the net earned premium.
Net investment result	:	The sum of investment income and realised capital gains or losses on assets covering insurance liabilities, after deduction of related investment expenses. The investment results in Life is also adjusted for the amount that is allocated to the policyholders as technical interest and profit sharing. The investment results in Accident & Life (part of Non-life) is also corrected for the technical interest that has been accrued to the insurance liabilities.
Net investment margin	:	For Life the annualised investment result divided by the average net Life insurance liabilities during the reporting period. For Non-life the investment result divided by the net earned premium.
Net operating result	:	The sum of net underwriting result, investment result and other result allocated to the insurance and/or investment contracts. The difference between operating result and result before taxation consists of all income and costs not allocated to the insurance and/or investment contracts and thus not reported in the operating result or result from non-consolidated partnerships.
Net operating margin	:	For Life the annualised operating result of the period divided by the average net Life insurance liabilities. For Non-life the operating result divided by the net earned premium.
Net earned premium	:	The written premiums of Non-life covering the risks for the current period netted for the premiums paid to reinsurers and the change in unearned premiums reserves.
Expense ratio	:	The expenses as a percentage of net earned premiums. Included in expenses are internal costs of claims handling commissions, net of reinsurance.
Claims ratio	:	The cost of claims, net of reinsurance, as a percentage of net earned premiums.
Combined ratio	:	A measure of profitability in Non-life which is the ratio between the insurer's total expenses and net earned premiums. This is insurer's total expenses as a percentage of net earned premiums. This is the sum of the claims ratio and the expense ratio.

D

Notes to the Consolidated statement of financial position

6

Financial investments, Investment Property, Property, plant and equipment

The composition of financial investments is as follows.

	30 June 2022	31 December 2021
Financial investments		
- Held to maturity	4,347	4,351
- Available for sale	48,140	55,582
- Held at fair value through profit or loss	418	340
- Derivatives held for trading	12	6
Total, gross	**52,917**	**60,279**
Impairments:		
- of investments available for sale	(367)	(327)
Total impairments	**(367)**	**(327)**
Total	**52,550**	**59,952**

6.1 Investments held to maturity

	Government bonds	Total
Investments held to maturity at 1 January 2021	**4,416**	**4,416**
Maturities	(58)	(58)
Amortisation	(7)	(7)
Investments held to maturity at 31 December 2021	**4,351**	**4,351**
Maturities		
Amortisation	(4)	(4)
Investments held to maturity at 30 June 2022	**4,347**	**4,347**
Fair value at 31 December 2021	**6,497**	**6,497**
Fair value at 30 June 2022	**5,374**	**5,374**

The fair value of government bonds classified as investments held to maturity is based on quoted prices in active markets (level 1).

In the following table the government bonds classified as held to maturity are detailed by country of origin.

30 June 2022	Historical/amortised cost	Fair value
Belgian national government	4,300	5,295
Portuguese national government	47	79
Total	**4,347**	**5,374**

31 December 2021	Historical/amortised cost	Fair value
Belgian national government	4,304	6,399
Portuguese national government	47	98
Total	**4,351**	**6,497**

6.2 Investments available for sale

30 June 2022	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total	Impairments	Fair value
Government bonds	26,174	1,762	(1,438)	26,498		26,498
Corporate debt securities	17,452	191	(1,162)	16,481	(19)	16,462
Structured credit instruments	44	2		46		46
Available for sale investments in debt securities	43,670	1,955	(2,600)	43,025	(19)	43,006
Private equities and venture capital	201	38	(1)	238		238
Equity securities	4,320	693	(137)	4,876	(347)	4,529
Other investments						
Available for sale investments in equity securities and other investments	4,521	731	(138)	5,114	(347)	4,767
Total investments available for sale	**48,191**	**2,686**	**(2,738)**	**48,139**	**(366)**	**47,773**

31 December 2021	Historical/ amortised cost	Gross unrealised gains	Gross unrealised losses	Total	Impairments	Fair value
Government bonds	25,944	5,241	(45)	31,140		31,140
Corporate debt securities	17,329	1,109	(23)	18,415	(20)	18,395
Structured credit instruments	50	2		52	(1)	51
Available for sale investments in debt securities	43,323	6,352	(68)	49,607	(21)	49,586
Private equities and venture capital	173	20	(1)	192		192
Equity securities	4,551	1,258	(28)	5,781	(306)	5,475
Other investments	2			2		2
Available for sale investments in equity securities and other investments	4,726	1,278	(29)	5,975	(306)	5,669
Total investments available for sale	**48,049**	**7,630**	**(97)**	**55,582**	**(327)**	**55,255**

An amount of EUR 3,063 million of the investments available for sale has been pledged as collateral, mainly related to repurchase agreements (31 December 2021: EUR 2,032 million) (see also note 11 Borrowings).

The valuation of investments available for sale is based on:

- Level 1: quoted prices in active markets;
- Level 2: observable market data in active markets;
- Level 3: non-observable inputs (counterparty quotes).

30 June 2022	Level 1	Level 2	Level 3	Total
Government bonds	26,214	284		26,498
Corporate debt securities	14,144	1,712	606	16,462
Structured credit instruments		46		46
Equity securities, private equities and other investments	2,670	1,176	921	4,767
Total Investments available for sale	**43,028**	**3,218**	**1,527**	**47,773**

31 December 2021	Level 1	Level 2	Level 3	Total
Government bonds	30,589	551		31,140
Corporate debt securities	16,002	1,953	440	18,395
Structured credit instruments		51		51
Equity securities, private equities and other investments	3,186	1,547	936	5,669
Total Investments available for sale	**49,777**	**4,102**	**1,376**	**55,255**

The changes in level 3 valuation are as follows.

	30 June 2022	31 December 2021
Balance at start of period	**1,376**	**1,312**
Maturity/redemption or repayment	(34)	(63)
Acquired	53	182
Proceeds from sales	(98)	(140)
Realised gains (losses)	1	21
Impairments		(3)
Unrealised gains (losses)	(68)	67
Transfers between valuation categories	297	
Balance at end of period	**1,527**	**1,376**

The table below shows net unrealised gains and losses on investments available for sale included in equity. Equity securities and other investments also include private equities and venture capital.

	30 June 2022	31 December 2021
Available for sale investments in debt securities:		
Carrying amount	43,006	49,586
Gross unrealised gains and losses	(645)	6,284
- Related tax	122	(1,586)
Shadow accounting	(18)	(2,251)
- Related tax	(20)	652
Net unrealised gains and losses	**(561)**	**3,099**

	30 June 2022	31 December 2021
Available for sale investments in equity securities and other investments:		
Carrying amount	4,767	5,669
Gross unrealised gains and losses	593	1,249
- Related tax	(64)	(134)
Shadow accounting	(40)	(756)
- Related tax	35	118
Net unrealised gains and losses	**524**	**477**

The changes in impairments of investments available for sale are as follows.

	30 June 2022	31 December 2021
Balance at start of period	**(327)**	**(336)**
Acquisitions/divestments of subsidiaries		
Increase in impairments	(64)	(34)
Reversal on sale/disposal	13	42
Foreign exchange differences and other adjustments	12	1
Balance at end of period	**(366)**	**(327)**

6.3 Investments held at fair value through profit or loss

	30 June 2022	31 December 2021
Government bonds		
Corporate debt securities	149	134
Structured credit instruments	1	3
Debt securities	150	137
Equity securities	95	36
Other investments	173	167
Equity securities and other investments	268	203
Total investments held at fair value through profit or loss	**418**	**340**

The nominal value of the debt securities held at fair value through profit or loss as at 30 June 2022 is EUR 157 million (31 December 2021: EUR 133 million).

The valuation of investments held at fair value through profit or loss is based on:

- Level 1: quoted prices in active markets;
- Level 2: observable market data in active markets;
- Level 3: non-observable inputs (counterparty quotes).

30 June 2022	Level 1	Level 2	Level 3	Total
Government Bonds				
Corporate debt securities		149		149
Structured credit instruments		1		1
Equity securities			95	95
Other investments	64	71	38	173
Total Investments held at fair value through profit or loss	**64**	**221**	**133**	**418**

31 December 2021	Level 1	Level 2	Level 3	Total
Government Bonds				
Corporate debt securities		134		134
Structured credit instruments		3		3
Equity securities			36	36
Other investments	61	69	37	167
Total Investments held at fair value through profit or loss	**61**	**206**	**73**	**340**

6.4 Investment Property and Property, plant and equipment

The annual appraisal process for independent appraisers is explained in Note 11 Investment property and Note 16 Property, Plant and Equipment in our Annual Report 2021.

Investment Property

	30 June 2022	31 December 2021
Fair values supported by market evidence	558	483
Fair value subject to an independent valuation	3,941	3,823
Total fair value of investment property	**4,499**	**4,306**
Total carrying amount (including lease liability)	3,144	3,057
Gross unrealised gains (losses)	**1,355**	**1,249**
Unrealised gains (losses) to policyholders	(40)	(40)
Taxation	(362)	(342)
Net unrealised gains (losses)	**953**	**867**

Property, plant and equipment

	30 June 2022	31 December 2021
Total fair value of Land and buildings held for own use and car parks	**1,790**	**1,837**
Total carrying amount (including lease liability)	1,122	1,114
Gross unrealised gains (losses)	**668**	**723**
Taxation	(176)	(176)
Net unrealised gains (losses)	**492**	**547**

7 Loans

	30 June 2022	31 December 2021
Government and official institutions	5,079	5,120
Commercial loans	7,647	6,984
Residential mortgages	1,151	1,175
Policyholder loans	562	527
Interest bearing deposits	410	390
Loans to banks	330	325
Total	**15,179**	**14,521**
Less impairments	(29)	(29)
Total Loans	**15,150**	**14,492**

The increase in commercial loans is mainly linked to infrastructure loans and investments in mortgage notes.

8 Outstanding shares and earnings per share

The following table shows the number of outstanding shares.

in thousands	Shares issued	Treasury shares	Shares outstanding
Number of shares as at 1 January 2021	**194,553**	**(7,591)**	**186,962**
Cancelled shares	(3,520)	3,520	
Balance (acquired)/sold		(1,297)	(1,297)
Used for management share plans		72	72
Number of shares as at 31 December 2021	**191,033**	**(5,296)**	**185,737**
Cancelled shares	(1,302)	1,302	
Balance (acquired)/sold		(2,047)	(2,047)
Used for management share plans			
Number of shares as at 30 June 2022	**189,731**	**(6,041)**	**183,690**

8.1 Shares issued and potential number of shares

To the extent rules and regulations permit, and in the interest of the Company, the Board of Ageas was authorised for a period of three years (2022-2024) by the General Meeting of Shareholders of 18 May 2022 to increase the share capital by a maximum amount of EUR 150,000,000 for general purposes.

Applied to a fraction value of EUR 7.92, this enables the issuance of up to 18,950,000 shares, representing approximately 10% of the total current share capital of the Company. This authorisation also enables the Company to meet its obligations entered into in the context of the issue of the financial instruments. Shares can also be issued due to the so-called alternative coupon settlement method (ACSM), included in certain hybrid financial instruments (for details see note 20 Contingent liabilities in this report and note 20.1 in Annual report 2021).

Treasury shares

Treasury shares are issued ordinary shares that have been bought back by Ageas. The shares are deducted from shareholders' equity and reported in other reserves.

The total number of treasury shares (6 million) consists of shares held for the FRESH (1.2 million), shares underlying repurchased FRESH securities (2.8 million) and the remaining shares resulting from the share buy-back programme (2 million) of which 0.1 million shares are used for the vesting of the restricted share programme.

Extinguishment of FRESH securities

On 3 January 2020, Ageas announced that in total 65.50% (EUR 818,750,000) of the aggregate principal amount of the FRESH securities outstanding were tendered and accepted for purchase for a cash payment of EUR 513 million. The purchased FRESH securities were exchanged into 2,599,206 underlying shares of ageas SA/NV on 13 January 2020.

On 2 April 2020, Ageas purchased an additional number of FRESH securities from an external third party, which were further exchanged into 150,000 underlying shares of ageas SA/NV.

These shares remain on the Group's statement of financial position as treasury shares and continue not to be entitled to dividends or voting rights. Details of the outstanding FRESH securities are provided in note 10 Subordinated liabilities.

Share buy-back programme 2021-2022

Ageas announced on 11 August 2021 a new share buy-back programme, starting on 1 September 2021 and running up to 29 July 2022, for an amount of EUR 150 million.

The Extraordinary General Meeting of Shareholders of ageas SA/NV of 18 May 2022 approved the cancellation of 1,301,941 shares (result of the shares bought back in 2021). As a result, the total number of issued shares is reduced to 189,731,187.

8.2 Shares entitled to dividend and voting rights

in thousands	
Number of shares issued as at 30 June 2022	**189,731**
Shares not entitled to dividend and voting rights:	
Shares held by ageas SA/NV	4,797
Shares related to FRESH (see note 10)	1,219
Shares related to CASHES (see note 20)	3,959
Shares entitled to voting rights and dividend	**179,756**

8.3 Earnings per share

The following table details the calculation of earnings per share.

	First half year 2022	First half year 2021
Net result attributable to shareholders	**563**	**407**
Weighted average number of ordinary shares for basic earnings per share (in thousands)	184,678	186,962
Adjustments for:		
- restricted shares (in thousands) expected to be awarded	195	212
Weighted average number of ordinary shares for diluted earnings per share (in thousands)	**184,873**	**187,174**
Basic earnings per share (in euro per share)	3.05	2.18
Diluted earnings per share (in euro per share)	3.05	2.17

Ageas shares related to the FRESH, as they are not entitled to dividend nor do they have voting rights, were excluded from the calculation of basic earnings per share.

Ageas shares issued in relation to CASHES are included in the ordinary shares although they are not entitled to dividend nor do they have voting rights.

9 Insurance liabilities

9.1 Liabilities arising from Life insurance contracts

	30 June 2022	31 December 2021
Liability for future policyholder benefits	26,653	26,561
Reserve for policyholder profit sharing	264	245
Shadow accounting	26	1,884
Before eliminations	**26,943**	**28,690**
Eliminations	(16)	(17)
Gross	**26,927**	**28,673**
Reinsurance	(17)	(13)
Net	**26,910**	**28,660**

9.2 Liabilities arising from Life investment contracts

	30 June 2022	31 December 2021
Liability for future policyholder benefits	28,979	29,256
Reserve for policyholder profit sharing	224	286
Shadow accounting	32	1,075
Gross	**29,235**	**30,617**

9.3 Liabilities related to unit-linked contracts

	30 June 2022	31 December 2021
Insurance contracts	2,956	3,352
Investment contracts	13,910	15,549
Total	**16,866**	**18,901**

9.4 Liabilities arising from Non-life insurance contracts

	30 June 2022	31 December 2021
Claims reserves	7,657	7,620
Unearned premiums	1,930	1,730
Reserve for policyholder profit sharing	57	38
Shadow accounting		49
Before eliminations	**9,644**	**9,437**
Eliminations	(1,609)	(1,548)
Gross	**8,035**	**7,889**
Reinsurance	(896)	(789)
Net	**7,139**	**7,100**

10 Subordinated liabilities

	30 June 2022	31 December 2021
Issued by Ageasfinlux S.A.		
FRESH Restricted Tier 1 Notes	384	384
Issued by ageas SA/NV		
Perpetual Subordinated Fixed Rate Resettable Temporary Write-Down Restricted Tier 1 Notes	744	744
Subordinated Fixed to Floating Rate Tier 2 Notes	990	989
Issued by AG Insurance		
Subordinated Fixed to Floating Rate Tier 2 Loan	74	74
Fixed Rate Reset Dated Subordinated Tier 2 Notes	398	398
Fixed to Floating Callable Subordinated Tier 2 Notes	100	100
Issued by Millenniumbcp Ageas		
Fixed to Floating Rate Callable Subordinated Restricted Tier 1 Loan	59	59
Total subordinated liabilities	**2,749**	**2,748**

	30 June 2022	31 December 2021
Balance at start of period	**2,748**	**2,758**
Proceeds from issuance		
Redemption		
Realised Gains		
Foreign exchange differences and other	1	(10)
Balance at end of period	**2,749**	**2,748**

11 Borrowings

	30 June 2022	31 December 2021
Repurchase agreements	3,543	2,078
Loans	785	838
Due to banks	**4,328**	**2,916**
Funds held under reinsurance agreements	75	74
Lease liabilities	540	560
Other borrowings	66	66
Total borrowings	**5,009**	**3,616**

Ageas has pledged property as collateral for loans and other with a carrying amount of EUR 166 million (31 December 2021: EUR 166 million).

The following table shows the changes in borrowings:

	30 June 2022	31 December 2021
Balance at start of period	**3,616**	**3,920**
Proceeds from issuance	1,483	73
Payments	(91)	(375)
Foreign exchange differences and other changes	1	(2)
Balance at end of period	**5,009**	**3,616**

12 RPN (I)

The RPN(I) is a financial instrument that results in quarterly payments being made to, or received from, BNP Paribas Fortis SA/NV.

BNP Paribas Fortis SA/NV issued CASHES securities in 2007 with ageas SA/NV as co-obligor. CASHES are convertible securities that convert into Ageas shares at a pre-set price of EUR 239.40 per share. BNP Paribas Fortis SA/NV and ageas SA/NV, at that point in time both parts of the Fortis Group, introduced a Relative Performance Note, designed to avoid accounting volatility on the Ageas shares and on the at fair value valued CASHES in the books of BNP Paribas Fortis SA/NV. Upon the break-up of Fortis in 2009, BNP Paribas Fortis SA/NV and Ageas agreed to pay interest on a reference amount stated in this Relative Performance Note. The quarterly interest payment is valued as a financial instrument and referred to as RPN(I).

The RPN(I) exists to the extent that CASHES securities remain outstanding in the market. Originally, 12,000 CASHES securities were issued in 2007. In February 2012 BNP Paribas launched a public tender on CASHES at a price of 47.5% and converted 7,553 tendered CASHES securities into Ageas shares; Ageas agreed to pay a EUR 287 million indemnity to BNP Paribas as the conversion triggered a pro rata cancellation of the RPN(I) liability.

In May 2015 Ageas and BNP Paribas agreed that BNP Paribas can purchase CASHES from individual investors at any given time, under the condition that the purchased securities are converted into Ageas shares; at such conversion the pro rata part of the RPN(I) liability is paid to BNP Paribas, while Ageas receives a break-up fee which is subject to the price at which BNP Paribas succeeds to purchase CASHES.

BNP Paribas purchased and converted 656 CASHES under this agreement in the first nine months 2016; Ageas paid EUR 44 million for the pro rata settlement of the RPN(I), after the deduction of the received break-up fee. The agreement between Ageas and BNP Paribas expired at year-end 2016 and has not been renewed.

At 30 June 2022, 3,791 CASHES remained outstanding.

Reference amount and interest paid

The reference amount is calculated as follows:

- the difference between EUR 2,350 million and the market value of 13 million Ageas shares in which the instrument converts, less
- the difference between EUR 3,000 million par issuance and the market value of the CASHES as quoted by the Luxembourg Stock Exchange, multiplied by
- the number of CASHES securities outstanding (3,791 at 30 June 2022) divided by the number of CASHES securities originally issued (12,000).

Ageas pays interest to BNP Paribas Fortis SA/NV on the average reference amount in the quarter (if the above outcome becomes negative BNP Paribas Fortis SA/NV will pay Ageas); the interest amounts to 3 month Euribor plus 90 basis points. Ageas pledged 6.3% of the total AG Insurance shares outstanding in favour of BNP Paribas Fortis SA/NV.

Valuation

Ageas applies a transfer notion to arrive at the fair value of the RPN(I) liability. Fair value is defined in IFRS 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The definition is explicitly described as an exit price, linked with the price 'paid to transfer a liability'. When such pricing is not available and the liability is held by another entity as an asset, the liability needs to be valued from the perspective of the market participant that holds the asset. Ageas values its liability at the reference amount.

The RPN reference amount is based on the CASHES price and Ageas share price. The reference amount decreased from EUR 520.4 million at 31 December 2021 to EUR 413.0 million at 30 June 2022, predominantly driven by the decrease in CASHES price from 95.61% at 31 December 2021 to 82.78% at 30 June 2022, which was partly offset by the decrease of the Ageas share price from EUR 45.55 to EUR 41.98 over the same period.

Sensitivity of RPN(I) Value

At 30 June 2022, each 1% increase in the CASHES price, expressed as a percentage of its par value, leads to an increase of EUR 9.5 million in the reference amount, while each EUR 1.00 increase in the Ageas share price decreases the reference amount by EUR 4 million.

13 Provisions

The provisions mainly relate to legal disputes and reorganisations and are based on best estimates available at period-end based on management judgement, in most cases supported by the opinion of legal advisors. The timing of the outflow of cash related to these provisions is by nature uncertain given the unpredictability of the outcome and the time involved in concluding litigations/disputes. We refer to note 20 Contingent liabilities, which describes the various ongoing litigation proceedings.

Global settlement related to the Fortis events of 2007 and 2008

On 14 March 2016, Ageas and the claimant organisations, Deminor, Stichting FortisEffect, Stichting Investor Claims Against Fortis (SICAF) and VEB announced a settlement proposal with respect to all civil proceedings related to the former Fortis group for events in 2007 and 2008 for an amount of EUR 1.2 billion.

In addition, Ageas announced on 14 March 2016 that it also reached an agreement with the D&O insurers, the D&O's involved in litigation and BNP Paribas Fortis to settle for an amount of EUR 290 million.

On 24 March 2017, the Amsterdam Appeal Court held a public hearing during which it heard the request to declare the settlement binding as well as the arguments that were submitted against it. On 16 June 2017, the Court took the interim decision not to declare the settlement binding in its initial format. On 12 December 2017, the petitioners filed an amended and restated settlement with the Amsterdam Appeal Court. This amended settlement took into consideration the main concerns of the Court and the overall budget was raised by EUR 100 million to EUR 1.3 billion.

On 13 July 2018 the Amsterdam Appeal Court declared the settlement binding on Eligible Shareholders (i.e. persons who held Fortis shares at any time between close of business on 28 February 2007 and close of business on 14 October 2008) in accordance with the Dutch Act on Collective Settlement of Mass Claims (Wet Collectieve Afwikkeling Massaschade, "WCAM"). In declaring the settlement binding, the Court believed the compensation offered under the settlement is reasonable and that the claimant organisations Deminor, SICAF and FortisEffect are sufficiently representative of the interests of the beneficiaries of the settlement.

On 21 December 2018, Ageas announced that it had decided to provide clarity ahead of time by waiving its termination right. As a consequence of this the settlement is final. The claims filing period started on 27 July 2018 and ended on 28 July 2019. As at 30 June 2022, an amount of EUR 1,199 million had already been paid out to Eligible Shareholders.

On 23 June 2022, Ageas announced that, except for a limited number of unresolved claims, the settlement would be closed. Final payments will normally follow at the end of August 2022. The potential costs that Ageas has agreed to bear for the unresolved claims have been provided for in the provision mentioned below.

The main components of the EUR 112 million provision as at 30 June 2022 (31 December 2021: EUR114 million) are:

- EUR 1,309 million related to the WCAM settlement agreement;
- EUR 2.5 million related to the tail risk, including accrued expenses;
- minus EUR 1,199 million already paid to eligible shareholders.

The amounts are presented under the line item ‘Provisions’ in the statement of financial position and the line item ‘Change in provisions’ in the income statement.

Changes in provisions during the year are as follows.

	30 June 2022	31 December 2021
Balance at start of period	**182**	**322**
Increase (Decrease) in provisions	(5)	(15)
Utilised during the year		(127)
Foreign exchange differences and other	5	2
Balance at end of period	**182**	**182**

14 Commitments

Commitments received and given are detailed as follows.

Commitments	30 June 2022	31 December 2021
Commitment Received		
Credit lines	1,644	1,071
Collateral and guarantees received	4,163	4,182
Other off-balance sheet rights	108	207
Total received	**5,915**	**5,460**
Commitment Given		
Guarantees, Financial and Performance Letters of Credit	205	199
Available credit lines	504	1,024
Collateral and guarantees given	3,690	2,184
Entrusted assets and receivables	762	738
Capital rights & commitments	521	292
Real Estate commitments	915	531
Other off-balance sheet commitments	1,047	1,297
Total given	**7,644**	**6,265**

The collateral and guarantees received relate mainly to residential mortgages and to a lesser extent on policyholder loans and commercial loans.

Other off-balance sheet commitments as at 30 June 2022 include EUR 479 million in outstanding credit bids (31 December 2021: EUR 521 million).

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Fair value of financial assets and financial liabilities

The following table shows the fair value of financial assets and liabilities measured at amortised cost.

		30 June 2022		31 December 2021	
	Level	Carrying value	Fair value	Carrying value	Fair value
Assets					
Cash and cash equivalents	2	1,790	1,790	1,937	1,937
Financial Investments held to maturity	1	4,347	5,374	4,351	6,497
Loans	2	15,150	14,138	14,492	15,452
Reinsurance and other receivables	2	2,696	2,695	2,149	2,146
Total financial assets		**23,983**	**23,997**	**22,929**	**26,032**
Liabilities					
Subordinated liabilities	2	2,749	2,722	2,748	2,757
Borrowings, excluding lease liabilities	2	4,469	4,466	3,056	3,056
Total financial liabilities		**7,218**	**7,188**	**5,804**	**5,813**

E

Notes to the Consolidated Income Statement

16 Insurance premiums

Gross inflow Life consists of premiums received by insurance companies for issued insurance and investment contracts. Premium inflow of insurance contracts and investment contracts with DPF is recognised in the income statement. Premium inflow of investment contracts without DPF, mainly unit-linked contracts, is (after deduction of fees) directly recognised as liabilities (deposit accounting). Fees are recognised as fee income in the income statement.

	First half year 2022	First half year 2021
Gross inflow Life	2,798	2,858
Gross inflow Non-life	2,470	2,365
General account and eliminations	(2)	(1)
Total gross inflow	**5,266**	**5,222**

	First half year 2022	First half year 2021
Net earned premiums Life	2,081	2,060
Net earned premiums Non-life	2,108	2,045
General account and eliminations	(2)	(1)
Total net earned premiums	**4,187**	**4,104**

Life

	First half year 2022	First half year 2021
Gross premiums Life	2,089	2,074
Ceded reinsurance premiums	(8)	(14)
Net earned premiums Life	**2,081**	**2,060**

Non-life

Property & Casualty includes premiums received for motor, fire and other damage to property.

First half year 2022	Accident & Health	Property & Casualty	Total
Gross written premiums	614	1,856	2,470
Change in unearned premiums, gross	(64)	(78)	(142)
Gross earned premiums	**550**	**1,778**	**2,328**
Ceded reinsurance premiums	(30)	(249)	(279)
Reinsurers' share of unearned premiums	2	57	59
Net earned premiums Non-life	**522**	**1,586**	**2,108**

First half year 2021	Accident & Health	Property & Casualty	Total
Gross written premiums	588	1,777	2,365
Change in unearned premiums, gross	(63)	(51)	(114)
Gross earned premiums	**525**	**1,726**	**2,251**
Ceded reinsurance premiums	(25)	(231)	(256)
Reinsurers' share of unearned premiums		50	50
Net earned premiums Non-life	**500**	**1,545**	**2,045**

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Interest, dividend and other investment income

	First half year 2022	First half year 2021
Interest income		
Interest income on cash & cash equivalents	1	1
Interest income on loans to banks	16	11
Interest income on investments	660	682
Interest income on loans to customers	150	140
Interest income on derivatives held for trading and other	39	3
Total interest income	**866**	**837**
Dividend income from equity securities	116	85
Rental income from investment property	101	103
Revenue from parking garage	208	130
Other investment income	14	11
Total interest, dividend and other investment income	**1,305**	**1,166**

18 Insurance claims and benefits

	First half year 2022	First half year 2021
Life insurance	2,380	2,311
Non-life insurance	1,288	1,199
General account and eliminations	(1)	(2)
Total insurance claims and benefits, net	**3,667**	**3,508**

	First half year 2022	First half year 2021
Benefits and surrenders, gross	2,448	2,327
Change in liabilities arising from insurance and investment contracts, gross	(54)	(8)
Total Life insurance claims and benefits, gross	**2,394**	**2,319**
Reinsurers' share of claims and benefits	(14)	(8)
Total Life insurance claims and benefits, net	**2,380**	**2,311**

	First half year 2022	First half year 2021
Claims paid, gross	1,384	1,169
Change in liabilities arising from insurance contracts, gross	58	125
Total Non-life insurance claims and benefits, gross	**1,442**	**1,294**
Reinsurers' share of claims paid	(107)	(54)
Reinsurers' share of change in liabilities	(47)	(41)
Total Non-life insurance claims and benefits, net	**1,288**	**1,199**

19 Financing costs

	First half year 2022	First half year 2021
Subordinated liabilities	42	42
Lease liability	8	8
Borrowings from banks	10	9
Derivatives	34	3
Other	8	7
Total financing costs	**102**	**69**

Finance costs in the line “Other” mainly relate to interest charges on provisions for post-employment benefits.

F

Notes to items not recorded in the consolidated statement of financial position

20 Contingent liabilities

20.1 Contingent liabilities related to legal proceedings

Like any other financial group, Ageas group is involved as a defendant in various claims, disputes and legal proceedings arising in the ordinary course of its business.

In addition, as a result of the events and developments surrounding the former Fortis group between May 2007 and October 2008 (e.g. the acquisition of parts of ABN AMRO and the capital increase in September/October 2007, the announcement of the solvency plan in June 2008, the divestment of banking activities and Dutch insurance activities in September/October 2008), Ageas has become involved in legal proceedings.

On 14 March 2016 Ageas entered into a settlement agreement with several claimant organisations that represent a series of shareholders in collective claims before the Belgian and Dutch courts. On 23 May 2016 the parties to the settlement, i.e. Ageas, Deminor, Stichting FortisEffect, Stichting Investor Claims Against Fortis, VEB and Stichting FORsettlement requested the Amsterdam Court of Appeal to declare the settlement binding for all eligible Fortis shareholders who will not opt out before the expiry of a given period, in accordance with the Dutch Act on Collective Settlement of Mass Claims (Wet Collectieve Afwikkeling Massaschade). Ageas also reached an agreement with Mr Arnauts and Mr Lenssens, two attorneys who launched legal action against Ageas on behalf of a number of claimants, and in 2017 with the Luxembourg based company Archand s.à.r.l. and affiliated persons, to support the settlement.

On 16 June 2017, the court took the interim decision not to declare the settlement binding in its initial format. As per 16 October 2017, Ageas decided to make a final additional effort of EUR 100 million.

Per 12 December 2017, the parties submitted an amended and restated settlement agreement to the court. Consumentenclaim, an opponent of the settlement in its initial 2016 format, agreed to support the 2017 settlement.

On 13 July 2018 the Amsterdam Appeal Court declared the settlement binding on Eligible Shareholders (i.e. persons who held Fortis shares at any time between close of business on 28 February 2007 and close of business on 14 October 2008). Ageas waived its termination right on 21 December 2018, effectively making the settlement final.

This means that Eligible Shareholders are entitled to compensation for the events of 2007-2008, subject to a full release of liability with respect to these events, and in accordance with the (other) terms of the settlement agreement. It further means that Eligible Shareholders who did not timely opt out (i.e. at the latest on 31 December 2018), regardless of whether or not they timely file a claim form, are, by operation of law, deemed to have granted such release of liability and to have waived any rights in connection with the events.

The claims filing period started on 27 July 2018 and ended on 28 July 2019. As at 30 June 2022, an amount of EUR 1,199 million had already been paid out to Eligible Shareholders and a remaining provision of EUR 112 million had been recognised for the settlement (see note 25 Provisions).

On 23 June 2022 Ageas announced that, except for a limited number of unresolved claims, the settlement would be closed. Final payments will normally follow at the end of August 2022. The potential costs that Ageas has agreed to bear for the remaining unresolved claims have been provided for in the provision referred to below.

1. CIVIL PROCEEDINGS

I Proceedings covered by the settlement

Now that the settlement has become final, the parties who supported the settlement committed to terminate their legal proceedings.

The parties who timely submitted an opt-out notice may resume their legal proceedings in the Netherlands or, as the case may be, resume or continue their legal proceedings in Belgium.

In the sections below we give a comprehensive update of all residual proceedings which were either terminated in the first half of 2022, or not terminated by 30 June 2022. These constitute contingent liabilities without provisions.

1.1 In the Netherlands

1.1.1 Cebulon

On 14 July 2020, Dutch investment company Cebulon initiated legal proceedings against Ageas and some co-defendants regarding alleged misleading communication in 2007-2008. In its capacity of former Fortis shareholder, Cebulon claims a compensation for the allegedly suffered damages. The forum is the Utrecht court of first instance. An introductory hearing took place on 9 September 2020 in Utrecht. The parties are now exchanging written submissions.

1.1.2 Dutch individual investor

On 29 January 2021, a Dutch individual investor initiated legal proceedings against Ageas. He claims a compensation for the damages he allegedly suffered pursuant to the Fortis crisis in 2007-2008. The forum is the Utrecht court of first instance. An introductory hearing was held on 10 March 2021. The parties have agreed to terminate the proceedings in June 2022.

1.2 In Belgium

1.2.1 Modrikamen

On 28 January 2009, a series of shareholders represented by Mr Modrikamen brought an action before the Brussels Commercial Court initially requesting the annulment of the sale of ASR to the Dutch State and the sale of Fortis Bank to SFPI (and subsequently to BNP Paribas), or alternatively damages. On 8 December 2009, the Court inter alia decided that it was not competent to judge on actions against the Dutch defendants. On 17 January 2013, the Brussels Court of Appeal confirmed this judgment in this respect. In July 2014, Mr Modrikamen filed an appeal before the Supreme Court on this issue. On 23 October 2015 the Supreme Court rejected this appeal. Mr Modrikamen continued the proceedings before the commercial court regarding the sale of Fortis Bank, aiming at the payment of a compensation by BNP Paribas to Ageas, as well as by Ageas to the claimants. In an interim judgment of 4 November 2014, the court declared about 50% of the original claimants not admissible. On 29 April 2016 the Brussels Commercial Court decided to suspend the proceedings awaiting the outcome of the criminal procedure. The proceedings are now reactivated and the parties are exchanging written submissions. Nothing is claimed anymore from Ageas in these proceedings. On 7 June 2020, Ageas entered into a settlement agreement with Mr Modrikamen and his clients who timely filed an opt-out notice, pursuant to which these persons no longer continue these proceedings against ageas SA/NV.

1.2.2 Deminor

On 13 January 2010, a series of shareholders associated with Deminor International (currently named DRS Belgium) brought an action before the Brussels Commercial Court, seeking damages based on alleged lack of/or misleading information by Fortis during the period from March 2007 to October 2008. On 28 April 2014, the court declared in an interim judgment about 25% of the claimants not admissible. The parties are in the course of terminating these proceedings; we expect these proceedings to be effectively terminated shortly.

1.2.3 Other claims on behalf of individual shareholders

On 12 September 2012, Patripart, a (former) Fortis shareholder, and its parent company Patrinvest, brought an action before the Brussels Commercial Court, seeking damages based on alleged lack of or misleading information in the context of the 2007 rights issue. On 1 February 2016 the court fully rejected the claim. On 16 March 2016, Patrinvest filed an appeal before the Brussels Appeal Court. The parties are updating their last written submissions and are awaiting a pleading date and the court's decision, for which no date has yet been set.

On 29 April 2013, a series of shareholders represented by Mr Arnauts brought an action before the Brussels Commercial Court, seeking damages based on alleged incomplete or misleading information by Fortis in 2007 and 2008; this action is suspended awaiting the outcome of the criminal proceedings. The parties are in the course of terminating these proceedings; we expect these proceedings to be effectively terminated shortly.

On 19 September 2013, certain (former) Fortis shareholders represented by Mr Lenssens initiated a similar action before the Brussels Civil Court; this action is suspended awaiting the outcome of the criminal proceedings. The parties are in the course of terminating these proceedings; we expect these proceedings to be effectively terminated shortly.

1.3 Hold harmless undertakings

In 2008, Fortis granted certain former executives and directors, at the time of their departure, a contractual hold harmless protection covering legal expenses and, in certain cases, also the financial consequences of any judicial decisions, in the event that legal proceedings were brought against them on the basis of their mandates exercised within the Fortis group. Ageas contests the validity of the contractual hold harmless commitments to the extent they relate to the financial consequences of any judicial decisions.

Furthermore, and as standard market practice in this kind of operations, Ageas entered into agreements with certain financial institutions facilitating the placing of Fortis shares in the context of the capital increases of 2007 and 2008. These agreements contain indemnification clauses that imply hold harmless obligations for Ageas subject to certain terms and conditions. Some of these financial institutions are involved in certain legal proceedings mentioned in this chapter.

In the context of a settlement with the underwriters of D&O liability insurance and Public Offering of Securities Insurance policies relating to the events and developments surrounding the former Fortis Group in 2007 - 2008, Ageas granted a hold harmless undertaking in favour of the insurers for the aggregate amount of coverage under the policies concerned. In addition, Ageas granted certain indemnity and hold harmless undertakings in favour of certain former Fortis executives and directors and of BNP Paribas Fortis relating to future defence costs, as well as in favour of the directors of the two Dutch foundations created in the context of the settlement.

20.2 Liabilities for hybrid instruments of former subsidiaries

In 2007 BNP Paribas Fortis SA/NV issued CASHES (Convertible And Subordinated Hybrid Equity-linked Securities), with ageas SA/NV acting as co-obligor (BNP Paribas Fortis SA/NV was at that point in time a subsidiary). From the original 12,000 securities issued, 3,791 securities remain outstanding, representing a nominal amount of EUR 948 million.

The securities have no maturity date and cannot be repaid in cash, they can only be exchanged into Ageas shares at a price of EUR 239.40 per Ageas share. A mandatory exchange takes place if the price of the Ageas share is equal to or higher than EUR 359.10 on twenty consecutive stock exchange business days. BNP Paribas Fortis SA/NV owns 3,958,859 Ageas shares for the purpose of the potential exchange.

The sole recourse of the holders of the CASHES against any of the co-obligors with respect to the principal amount are the Ageas shares that BNP Paribas Fortis SA/NV holds, these shares are pledged in favour of such holders.

BNP Paribas Fortis SA/NV pays the coupon on the CASHES, in quarterly arrears, at a variable rate of 3 month Euribor plus 200 basis points, up to the exchange of the securities for Ageas shares. In the event that Ageas declares no dividend on its shares, or that the dividends to be declared are below a threshold with respect to any financial year (dividend yield less than 0.5%), and in certain other circumstances, coupons will mandatorily need to be settled by ageas SA/NV via issuance of new shares in accordance with the so called Alternative Coupon Settlement Method (ACSM), while BNP Paribas Fortis SA/NV would need to issue instruments that qualify as hybrid Tier 1 instruments to Ageas as compensation for the coupons paid by ageas SA/NV. If the ACSM is triggered and there is insufficient available authorised capital to enable ageas SA/NV to meet the ACSM obligation, the coupon settlement will be postponed until such time as the ability to issue shares is restored.

In an agreement reached in 2012, that amongst others led to the tender and subsequent conversion of CASHES, Ageas agreed to pay an annual indemnity to BNP Paribas Fortis SA/NV that equals the grossed up dividend on the shares that BNP Paribas Fortis SA/NV holds.

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Events after the date of the statement of financial position

Capital increase commitment in Türkiye

At a general assembly meeting of 4 August, the shareholders of AkSigorta A.S. approved a capital increase of TRY 1 billion through issuance of new shares. The capital increase is scheduled to be registered on 14 October. Ageas has committed to exercise its pre-emption rights to subscribe for new shares in AkSigorta (an equity associate) up to its pro-rata entitlement (36%). At 30 June exchange rates, Ageas' pro-rata commitment amounts to EUR 21 million (TRY 360 million). In addition, if there are any remaining shares after the other existing shareholders of AkSigorta exercise their pre-emption right to subscribe for new shares, and if such shares cannot be sold on the Borsa Istanbul Primary Market, these shares shall be purchased equally by Ageas and Hacı Ömer Sabancı Holding A.Ş. As such, Ageas commits overall to acquire up to a maximum of 50% of the newly issued shares. This commitment amounts to maximum EUR 29 million at the 30 June exchange rate (TRY 500 million).

Interim dividend

On 9 August 2022, the Board of Directors approved the distribution of a gross interim dividend of EUR 1.5 per share out of the profits of the current financial year, increased with the carried-forward profits, in accordance with Article 23 (c) of the articles of association of the Company.

The interim dividend pay date is on 28 October 2022. However, the Ageas Executive Committee may determine a later interim dividend pay date, which shall be communicated before 28 October 2022.

Statement of the Board of Directors

The Board of Directors of Ageas is responsible for preparing the Ageas Condensed Consolidated Interim Financial Statements for the first six months of 2022 in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the European Transparency Directive (2004/109/EC).

The Board of Directors of Ageas declares that, to the best of its knowledge, the Ageas Condensed Consolidated Interim Financial Statements of the first six months of 2022 give a true and fair view of the assets, liabilities, financial position, and profit or loss of Ageas, and of the uncertainties that Ageas is facing and that the information contained therein has no omissions likely to modify significantly the scope of any statements made.

The Board of Directors reviewed the Ageas Condensed Consolidated Interim Financial Statements for the first six months of 2022 on 9 August 2022 and authorised their issue.

Brussels, 9 August 2022

Board of Directors

Chairman	Bart De Smet
Vice-Chairman	Guy de Selliers de Moranville
Chief Executive Officer	Hans De Cuyper
Chief Financial Officer	Christophe Boizard
Chief Risk Officer	Emmanuel Van Grimbergen
Managing Director Europe	Antonio Cano
Managing Director Asia	Filip Coremans
Independent Directors	Richard Jackson
	Yvonne Lang Ketterer
	Jane Murphy
	Lucrezia Reichlin
	Katleen Vandeweyer
	Sonali Chandmal
	Jean-Michel Chatagny
	Carolin Gabor
	(appointed 18 May 2022)

Review Report

STATUTORY AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF AGEAS ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

Introduction

We have reviewed the accompanying consolidated statement of financial position of Ageas and its subsidiaries as of 30 June 2022 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the six-month period then ended and general notes, comprising a summary of accounting policies and other explanatory notes ("the condensed consolidated interim financial statements"). The board of directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as adopted by the European Union.

Diegem, 9 August 2022

The statutory auditor
PwC Reviseurs d'Entreprises SRL / PwC Bedrijfsrevisoren BV
represented by

Kurt Cappoen
Réviseur d'Entreprises / Bedrijfsrevisor

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